



AUTOMOTIVE MANAGEMENT

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Chief executive James Brearley
on downsized group's future

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How new FCA regulations are
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Fiat's iconic small car
powers into the electric age



USED CAR PRICES GO OFF THE SCALE

INCREASES ARE 'UNPRECEDENTED' SAY VALUES EXPERTS / P6

Funding the return to growth.

With the used car market heating up, Liam Quegan, managing director of NextGear Capital, reflects on dealers' return to growth after the latest lockdown and explains why funding is relevant to all dealers, not just independents.

After a challenging 12 months, many dealers are returning to growth. They are in an optimistic mood and emerging from the latest lockdown with fire in their bellies.

This is great, but it's not plain sailing into a happier, healthier, and more prosperous second half of the year. Production woes are restricting the new car market, while demand for quality used stock is fiercer than as ever and CAP performance is demanding confident bids and offers. The good news is retail prices are keeping pace, so there's still profit to be found but dealers do need to be on their A-game though to buy well and sell quickly. That includes having the basics in place, not least access to funding that gives them the freedom and confidence to bid or buy when the right vehicle comes along.

Wholesale funding products are often thought of as being more suited to the needs of independent than franchised dealers, but more and more franchises are awakening to the benefits they can bring to their business.

Distinct challenges a franchised will have versus an independent include a requirement to run a prescribed volume of demonstrator, courtesy

and staff vehicles over and above their new and used stock. In the main, these are funded via a combination of wholesale captive funding arranged through the manufacturer and the dealer's own capital.

There's several reasons as to why a dealer may look to establish a separate funding line, but primarily it's because the typical structure of a captive funding arrangement can leave a dealer with less working capital than is ideally needed to have the right blend of vehicles on their books at any given time. Most manufacturer derived stocking plans prioritise funding for new vehicles first, then demonstrator, courtesy and staff vehicles, with used vehicles last. Each category will have a minimum expected investment level, meaning the capital required to have a competitive used vehicle offer can often be lacking.

"A strong used car offer will be key to many franchised dealers' success this year."

With many dealers currently expanding their used car offer, a secondary funding source enables them to make this investment on a



vehicle-by-vehicle basis without drawing down on their own capital.

It's for this reason we created Stocking Plus. Whereas our core Stocking Plan product enables dealers to build their used vehicle inventory from any trade source and with no reciprocal expectations, Stocking Plus allows them to also invest in demonstrators, courtesy and staff cars. The primary difference is it reflects that these vehicles will be used prior to sale so the terms reflect this.

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EDITOR'S LETTER

As this AM magazine went to press we were just days from hearing prime minister Boris Johnson update the country on the final stage of his 'roadmap to freedom' from COVID-19 restrictions. It's a crucial stage designed to involve the removal of social contact limits and the opening of large events, and is seen by many as a signal we can get back to living our lives as we wish to. Latest reports suggest ministers are concerned the more transmissible Delta variant will scupper the plans for a June 21 'freedom day'. If there is a delay, don't despair - we've all shown we can cope with so much so far, and your businesses have adapted remarkably.

I don't know about you, but I can put up with mask wearing and no handshakes for a few weeks more if we'll finally come to know that it's safe to drop these new habits for good. When it comes, I don't want businesses to feel they'd better keep the plastic screens and social distancing posters in a cupboard just in case. I don't want staff to think there may be another lockdown coming in the winter.

Let's see a return of confidence across the UK. And, crucially for UK automotive, a willingness to spend.



PS: We're getting active and doing #Move4Ben throughout June to raise some funds for our fantastic industry charity, Ben. Donate to this great cause by sponsoring us at <https://giving.ben.org.uk/pf/the-am-team>

OUR WRITING TEAM



Tim Rose
Editor



Tom Sharpe
News and
features editor

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Lee Scott, Mercedes-Benz South West



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disposals, Inchcape UK is
in 'really good shape', says
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IT'S UNPRECEDENTED – NO END IN SIGHT AS USED CAR PRICES CONTINUE TO ROCKET

In some cases, nearly-new prices are outstripping brand-new and dealers are urged to keep pace to ensure margins are not reduced

Valuation experts and AM100 retailers have conceded that they do not know when this year's "unprecedented" used car price rises will end.

As stock shortages and buoyant retail demand combine to drive-up values, AM was told that nearly new car prices are starting to outstrip their brand-new counterparts and some retailers are buying under-priced vehicles from online disruptors to stock their forecourts.

And, while it seems only a forensic, real-time analysis of values will prevent retailers being left out-of-pocket as retail values soar, it is a

trend that shows no signs of relenting.

Such is the pace of change that some traders are baulking at stocking costs, leaving car supermarkets and franchised retailers to drive what volume can be found in the market.

One independent trader told AM: "I barely have anything on the website right now. Cars are selling before we've had chance to prep them. We can't stock the forecourt fast enough."

"I'm currently selling some of the cars I managed to source into franchised retailers because they are paying so much for them and Webuyanycar is an option too. I guess they're paying way over book to stock cinch and Cazoo."

RULE BOOK 'OUT OF THE WINDOW'

A used car buyer for a leading AM100 car retail group told AM: "I've never seen anything like this in my working life. Holes are appearing in the forecourts and I'm giving every last penny to try to fill them."

"I think it's fair to say that none of us expected a boom like we experienced last June, but the sustained customer demand we have seen since April and the shortage of stock has created a whole new challenge. The usual rules have gone out of the window."

Cap HPI head of valuations Derren Martin conceded that the pace of price rises had placed huge pressure on its resources. He said: "I



know I shouldn't dismiss any of our products, but monthly values have gone completely out of the window right now."

"Cap Live has surpassed our monthly values. What we found last month was that we were having to adjust values every couple of days, rather than every week. The market is moving that fast."

"It's really, really difficult to call. I didn't think the market would be this strong again this month (June), but at the moment it looks as though we'll be looking at another 4% rise."

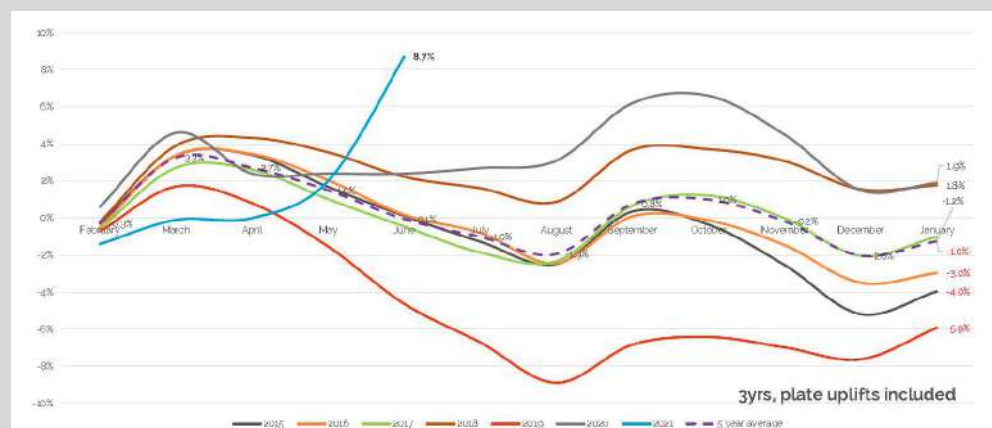
Cap HPI reported a 6.7% rise in wholesale values in May – an average of £800 – but premium and sports cars were among models which had been subject to price rises in the thousands, Martin said.

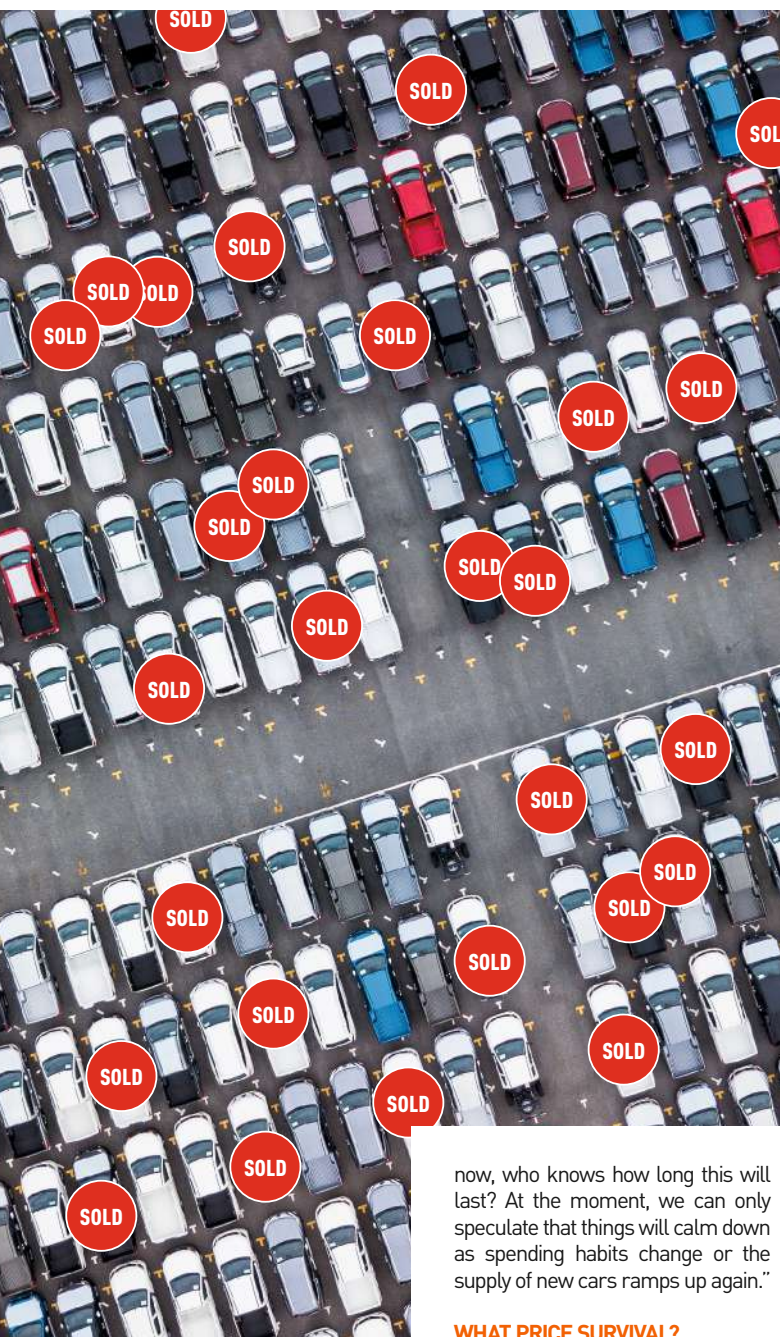
Cap HPI recently reported that of the 11,643 models on its platform, prices on 11,175 rose at the end of May, while 354 remained static and just 114 fell in price.

Over the 12 months to May the Suzuki Jimny (up 43.4%, £3,983), BMW Z4 Roadster (37.9%, £3,915) and Volkswagen California (32.9%, £11,328) were all among a top 10 movers list indicating consumers' desire to spend on a mood-lifting

➤ CUMULATIVE BLACK BOOK LIVE % MOVEMENTS, 2015-2021 YTD

Source: Cap HPI





I THINK IT'S FAIR TO SAY THAT NONE OF US EXPECTED A BOOM LIKE WE EXPERIENCED LAST JUNE

Trader Richard Walker said the significant acceleration in retail prices "shows no signs of slowing".

He added: "It is critical that retailers are reacting to the speed in which the market is moving, which means ensuring the whole forecourt is adjusted to market price, and not just new stock."

"On Auto Trader, we're seeing a significant proportion of older advertised stock which is yet to be repriced to reflect the positive movement of the market. This is not only limiting potential margins, but also dragging down consumer-facing valuations which are based on all advertised vehicles on site."

Car retail marketing software and intelligence provider Indicata said that retailers were selling one-in-four cars too cheaply due to a failure to re-price stock as values soared.

Indicata group sales director Jon Mitchell said that low prices not only risk damaging margins at a time when cash will be required to replenish stock, but it could also put buyers off.

He said: "From a consumer's perspective when a used car looks too cheap during an online search, they immediately think it has been wrongly described, or it is likely to have been sold."

"Dealers have to stay in tune with current market prices to help build consumer confidence with online buyers."

"And for the past few weeks that has meant checking market values daily and then increasing, rather than reducing, prices."

Cazana director of insight Rupert Pontin warned that soaring wholesale used car prices are "not recoverable" through retail price rises, creating an environment of ever-shrinking margins, meanwhile.

He warned: "The concern over used car stock availability and the resulting high auction pricing is a cause for concern as this perceived widespread uplift is not translating to the retail pricing."

"Buying with care and being fully aware of today's retail pricing is essential for commercial success."

IN-MARKET COMPETITION

AM's used car buyer source suggested that, while emerging

disruptors like cinch and Cazoo might be able to increase their valuations and profile by driving volume despite the current pricing issues, franchised retailers were also struggling to compete with car supermarkets which, he said, may be able to rely on their F&I earnings to deliver a profit.

He also indicated that many buyers were employing new tactics to try to determine what they could pay for a car, with nearly-new cars being benchmarked directly against new products that are currently unavailable due to the semiconductor supply issues.

"Motorpoint has been working that way for a number of years, but the model is more significant now than it ever has been, with limited supply meaning long waiting times and no real manufacturer support for new car sales. The trouble is sourcing the cars," he said.

CarShop managing director Nigel Hurley said the Sytner-owned car supermarket group had been able to maintain a "consistent sales and buying rate" so far in 2021, despite the market pressures.

Hurley said: "The beauty of used cars is if you can react quickly and have the team and infrastructure to do so, you can buy and sell at the appropriate levels to still maintain performance."

"Usually the market is falling away which means you have higher stock depreciation and reducing margins. On this occasion, if you didn't, and don't continue to react swiftly, you miss margin opportunity."

Hurley pointed out, however, that there were risks for those who had quickly adapted to the higher wholesale prices. He said: "There will, invariably, be similar cars in the market at lower prices as retailers catch up (or don't and sell the car too cheaply), which can cause some customer dissatisfaction. Also, being ready for when it turns back to normal will be key."

The anonymous dealer group used car buyer said: "If prices level off or readjust you do not want to be the one left holding the baby, that much is for sure."

"For now, though, it doesn't look like that change will come suddenly or any time soon." **TOM SHARPE**

now, who knows how long this will last? At the moment, we can only speculate that things will calm down as spending habits change or the supply of new cars ramps up again."

WHAT PRICE SURVIVAL?

Many retailers who spoke to AM about their used car challenges highlighted Auto Trader's price indicators as a key area of focus.

As some retailers were slow to react to pricing movements, cars left with out-of-date values were skewing the 'Good Price' criteria they claimed, leaving many to set aside their usual tactics and list at a 'Fair Price' instead.

The average used car price on Auto Trader rose 8.1% (to £13,973) in May and was accompanied by a surge in consumer interest which delivered a record 73 million visits to the platform.

Director of data and insight at Auto

purchase as they emerged from the COVID-19 lockdown.

But Martin said that the combined impact of pandemic factory disruption and a global shortage of semi-conductors on the used car market had created a situation where the market defied the usual season trends – potentially creating a once-in-a-lifetime surge in used car prices.

"You've got nearly-new cars already over new car list prices in quite a lot of situations," he said.

"Normally, I would say that's not sustainable, but with the set of circumstances that we have right

ADVERTISING FEATURE

BCA Partner Finance supports dealers as demand increases

By Malcolm Thompson
managing director, BCA Partner Finance



Many dealers will have changed their business models in recent months and introduced new processes. Ensuring these new practices are efficient in sourcing vehicles, getting them prepared and onto the forecourt as quickly as possible is essential to meet increasing demand from retail customers.

During lockdown, dealers managed inventory levels according to their retail sales activity, with those that were able to offer a full online consumer solution maintaining their stock at pre-lockdown levels. In general, dealers are now looking to build stock levels in line with increased demand.

Availability of the right stock and access to increased levels of funding continues to be key to our customers and BCA is well placed to meet these needs. Bidder numbers continue to climb, with average weekly online attendances passing 10,000 as our digital sales programme offers up to 7,000 vehicles daily.

We saw a noticeable increase in requests for extra stock funding facilities from both new and existing dealers as they look to respond to additional retail sales and implement business expansion plans. Traditional stock funding is being utilised to a much larger extent with demand enhanced further as some dealers look to repay business support loans taken during lockdown.

Dealers looking to increase market share and profitability will, undoubtedly, be constantly reviewing the levels and profile of their stock.

While some will rely on cash generated by the business to support growth, others are looking to stock funding as a more effective way of accelerating and optimising these growth opportunities.



THIS MONTH'S NEWS HIGH

MAY

17

OZEV SAYS EXPECT MORE 'OVERNIGHT' PiCG CHANGES

The Department for Transport's Office for Zero Emission Vehicles (OZEV) warned NFDA members there will be more "overnight" changes to the plug-in car grant (PiCG) as part of a "managed exit" from the scheme. OZEV representatives said they were "unlikely to be able to provide additional notice" given the need to manage the grant budget.



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ALL-BRANDS AGREEMENT FOR STELLANTIS FRANCHISEES

Stellantis franchisees were informed that the car maker will issue its UK and European retail partners with two-year termination notices as part of a reorganisation of its distribution networks ahead of the introduction of new Block Exemption rules. The changes, which impact all but Maserati franchisees, will issue retailers a new all-brands agreement.

BID TO BLOCK PENDRAGON BONUS FAILS

At Pendragon's AGM 42.2% of shareholders voted against bonus payments for chief executive Bill Berman that they viewed as "out of tune" with the group's recent performance. Some 41% also voted against the re-election of non-executive director and remuneration board chairman, Mark Wright, and 20.91% against the re-election of Berman to the board.



20

MARSHALL TO REPAY COVID CASH

Marshall Motor Holdings CEO Daksh Gupta told AM "I can hold my head high" after the retail group vowed to repay the £4m it received in Government COVID support. Marshall has forecast a 2021 year-end profit before tax of £21.1m – matching its 2019 performance.



21

MERCEDES U-TURN?

Mercedes-Benz has confirmed it is considering the sale of its London-centric, nine-dealership Mercedes-Benz Retail Group. The brand confirmed the plan 11 months after a spokesperson told AM it had no plans to divest of the operation following the closure of sites in Bromley, Caterham and Chelsea.





MERCEDES CONSULTS ON AGENCY MODEL FRANCHISES

Mercedes-Benz is consulting its retailers on agency model franchise contracts as Volkswagen Group revealed the switch is likely to be completed for its EV model sales by the start of 2023. While Mercedes refused to confirm a potential shift after retailers told *AM* consultation was underway, VW confirmed the change is on the cards.

CAZOO LAUNCHES SUBSCRIPTION SERVICE

Cazoo has begun targeting new car customers with the launch of an all-inclusive 'new' car subscription service offering models from Fiat and Ford to Mercedes-Benz and Tesla. Vehicles – typically already registered and with odometers showing less than 50 miles – come with a package including insurance, maintenance, roadside assistance and VED.

STONEACRE ACQUIRES RMB MOTOR GROUP

Stoneacre increased its Toyota, Lexus and Renault/Dacia representation with its acquisition of £60.8m turnover (2019) RMB Motor Group.

North East-based RMB operated Toyota & Lexus at Stockton on Tees, Toyota, Renault and Dacia at Northallerton, Toyota, Renault and Dacia at Darlington, and an Autoparc used car centre at Yarm with a body repair centre.



EUROPEAN COMMISSION REPORTS ON BLOCK EXEMPTIONS

The evaluation of the Motor Vehicle Block Exemption Regulation regime has been published by the European Commission, which will decide by May 2023 whether specific rules around new vehicle and parts distribution will continue to be needed. It found that the intensity of competition in distribution of new cars seems to have increased, although competition in the light commercial vehicle, truck and bus sectors seems weaker, and there's still a need to protect aftersales competition.

DEVONSHIRE EXPANDS TO 'FUTURE-PROOF' BUSINESS

Devonshire Motors has added Hyundai Motor UK and Isuzu UK franchises to its award-winning car retail operation in Barnstaple, Devon. Dealer principal Nathan Tomlinson told *AM* he hopes the move will future-proof his business as long-standing partner Mitsubishi proceeds with the plan to withdraw its new car franchise from the UK.



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JUN

1

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VOLKSWAGEN GROWTH SPURT LEAVES OTHERS IN ITS WAKE

Ford now further behind than it was at the same time last year

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At 157,000 registrations in May 2021, the UK car market was at least back in the land of the living compared with May 2020. However, 157,000 is what we would expect to see in a recession, so it is not a cause for major celebration. It is in line with May 2010, when we started to come out of the financial crash, and is approximately 25% below the peak of 2016.

At a manufacturer level, Volkswagen put on a remarkable growth spurt to take 10.5% of the May market. That has led VW to become clear market leader thus far, with a year-to-date (YTD) share of 9.1%. There were a number of models which contributed to this remarkable result. The Golf took top spot in May, with the Polo at No 3, while the new electric ID3 hatchback and ID4 crossover are also starting to make an impact.

In second place, Ford is having a terrible time with hatchback registrations, only managing to claw back a proportion of lost sales with its crossovers. The Fiesta fell to seventh in May (although it is still in second place YTD), and the Focus has dropped out of the top 10 altogether. In a market up 42.5%

YTD, the Focus has fallen by 26.4%, and is now fourth in C-segment hatchbacks, and ninth in the C-segment overall. In the crossover market, the Puma is doing well in terms of being segment leader, but Ford's overall B-segment sales have only risen 30.8%. Hence it has lost share, given the 42.5% rise in the overall market. In the C-segment, it is a similar story: the Kuga is increasing sales (now fourth), but Ford's combined Focus/Kuga registrations are only up by 33.6%.

OVERTURNED A DEFICIT

In 2020, Ford managed to overturn a slight deficit in the first five months of the year with a stronger performance in the second half to retain overall market leadership. However, Ford is much further behind VW than it was at this point a year ago (5,500 behind VW, YTD May 2021, compared with 250 behind VW, YTD May 2020), and VW has its new electric models to help it.

Behind the battle for first place, there has also been a major change in the fight for third. After a couple of very poor years when it badly trailed BMW and Mercedes-Benz, Audi has come back strongly,

and is more than 2,000 units ahead of BMW, and 3,000 units ahead of Mercedes. The main reason is the new A3, which has overtaken Ford in C-segment hatchbacks – who would have dreamt that could happen when the niche A3 appeared in the 1990s?

Of the other manufacturers in the top 10, most have grown broadly in line with the overall market. The exception is Nissan, in 10th, which has seen market share fall from 4.8% to 4.3%. The Juke is doing well in that it is in second place in its segment (behind the Ford Puma), but that still represents a decline from its position as clear segment leader when its first generation was still new. That means the new Qashqai has a lot of work to do to restore Nissan's fortunes in the UK. Nissan will also be hoping that the Ariya EV can achieve what the Leaf has failed to do in recent years, and put the company back at the centre of the electric vehicle market.

Among the medium-sized brands (between 1% and 4%) the notable winners so far this year are Hyundai and Volvo (both up 68%), Peugeot (up 75%) and MG (up 89%). Hyundai has started to recover thanks to rising sales of the Tucson and Kona crossovers. Volvo has a smash-hit on its hands with the

SPONSOR'S COMMENT



**By Richard Jones,
managing director,
Black Horse**

If there is one thing that unites us and epitomises our values as a nation, it's the care and understanding

we show to those in society who are disadvantaged and need help and support.

Kindness and generosity to others who are struggling shines through every day in every walk of life. I'm regularly humbled by numerous examples of colleagues and businesses in our own industry going to incredible lengths to help out friends, family and more widely when things aren't going well. People care here and it shows.

As a director of a number of companies I regularly receive letters direct from customers thanking me for great service.

But there are also, of course, those where we haven't done so well. The ones that hurt the most are when a customer who is vulnerable has become exposed to detriment and a corporate system has been too clunky or not focused enough to spot and help them before it happened.

I'm a very hard task master on myself and my team when this happens at Black Horse. I do, however, have to accept that more than 50% of consumers in the UK – 25 million-plus – show one or more characteristic of vulnerability at any point in time. Designing systems that spot, filter and solve this will, inevitably, be a challenge.

My conclusion returns to where I started. A strong culture that naturally protects vulnerable customers, comes from our people being free to input and build it from within.

We know we care and need to ensure that process and business goals compliment this and don't block the road.

It's the bus driver who decides to drop the struggling passenger at their front door that makes the difference.

**KINDNESS AND
GENEROSITY TO
OTHERS WHO
ARE STRUGGLING SHINES
THROUGH EVERY DAY**

XC40, which now accounts for 25% of all compact premium crossover sales. Peugeot is benefitting from the new 2008 crossover, which is now its best-selling model. Meanwhile, MG is maintaining its remarkable progress up the sales charts, thanks to its HS C-segment crossover.

At the other end of the table, the worst performances have come from Jaguar (up 7%), Fiat (up 4%) and Honda (down 4%). We covered Jaguar last month. Fiat may not appear in the list of medium-sized brands for much longer – its market share is now down to just 1.0%, even including Abarth, which Fiat likes to pretend is a separate brand rather than a trim level. There is no need to wonder which Fiat model is down – the 500 accounts for 80% of Fiat sales, so it is the only one that counts. Honda seems to have largely abandoned hope in the UK market – only the Jazz manages to scrape into the top 10 in its segment, with the Civic and CR-V being also-rans.

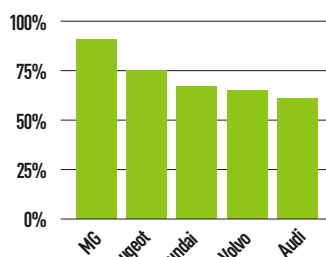
Talking of giving up hope, what used to be called the D-segment, or large family saloons, has slipped below 1% market share for the first

time since the Ford Cortina created the class. Ford is now leaving the segment, as the Mondeo is on run-out, leaving it as effectively a VW Group benefit. Between the VW Passat/Arteon and Škoda Superb, VW Group now accounts for 62.8% of the class. It is hard to believe that anything other than pride keeps other manufacturers in the segment, as the total sales of the other seven competitors amount to just more than 2,500 YTD.

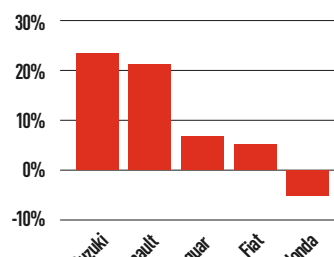
SEGMENT MAY DISAPPEAR

A segment even closer to the exit is affordable sports cars and coupes. When the Cortina was in production, the Capri was its big-selling coupe sibling. There is now even less chance of a new Capri than a new Mondeo. There are only two models left priced at less than £35,000, the Audi TT and Mazda MX-5, with a handful more between £35k and £50k (see table). Thankfully, the MX-5 is part of Mazda's DNA, so it should be with us for a while yet. A car market without a single low-cost roadster would be a barren place indeed. **DAVID FRANCIS**

➤ BEST PERFORMING MAJOR BRANDS* YTD MAY

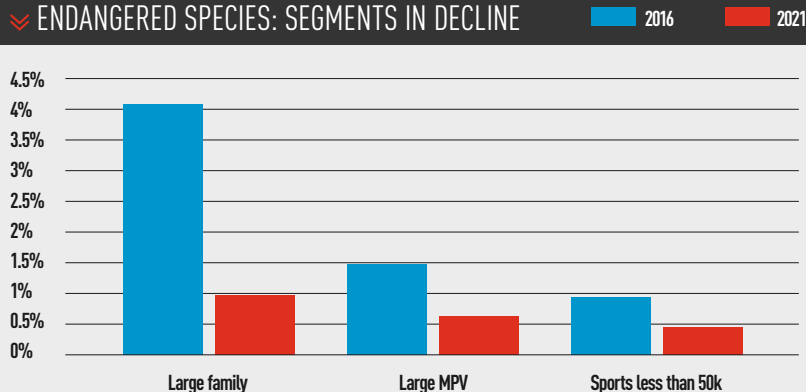


➤ WORST PERFORMING MAJOR BRANDS* YTD MAY



* Brands with at least 1.0% market share YTD 2021

➤ ENDANGERED SPECIES: SEGMENTS IN DECLINE



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NEW CAR REGISTRATIONS

Market sees giant increase, but from a very low base

May's new car market finished with 156,737 registrations, 14.7% lower than the last proper May market prior to the pandemic, when 183,724 units were sold in May 2019.

Compared with May 2020, when showrooms were closed in a widespread lockdown and only 20,000 cars were registered, last month's market was 674.1% up.

Against a more positive economic backdrop – including the Organisation for Economic Co-operation and Development (OECD) forecasting a 7.2% increase in UK GDP during 2021 – fleet registrations grew more than twice as fast as private purchases in May.

Large fleets, including rental and captive, accounted for 50.7% of all new vehicles registered, which the Society for Motor Manufacturers and Traders (SMMT) said demonstrates improving business confidence.

As the mid-year point approaches, the SMMT's data shows that since the start of the year the total new car sales remains 29.1% below the 10-year average recorded for the same period, at 296,448 units.

"With dealerships back open and a brighter, sunnier, economic outlook, May's registrations are as good as could reasonably be expected," says Mike Hawes, chief executive of the SMMT.

"Increased business confidence is driving the recovery, something that needs to be maintained and translated in private consumer demand as the economy emerges from pandemic support measures."

Hawes reminded the UK Government that a long term strategy for market transition and infrastructure investment is still required if carmakers and dealers are to successfully encourage more consumers into electric cars.

Across 2021 to date, plug-in vehicles now comprise 13.8% of new car registrations, up from 7.2% a year earlier, with the most rapid growth seen in plug-in hybrid derivatives.

1 VOLKSWAGEN

The German brand topped the table in May, out-registering mainstream rival Ford by almost 5,000 cars. Its data shows the day of the hatchback is not yet over – Golf was the UK's most in-demand car with 4,181 sales and Polo was third with 3,518 units.

2 TOYOTA

Its scrap with Kia to be the fourth most wanted mainstream brand continues. Toyota beat the South Korean rival by 213 units in May, thanks to a good performance from its Yaris supermini.

	September					% change	Year-to-date				% change
	Marque	2021	% market share	2020	% market share		2021	% market share	2020	% market share	
1	Volkswagen	16,413	10.47	1,197	5.91	1,271.18	65,955	9.11	46,502	9.15	41.83
	Audi	12,839	8.19	1,501	7.41	755.36	53,396	7.38	32,306	6.36	65.28
	Ford	11,433	7.29	2,111	10.43	441.59	60,464	8.35	46,252	9.10	30.73
	BMW	10,396	6.63	1,472	7.27	606.25	51,097	7.06	35,945	7.07	42.15
	Vauxhall	9,516	6.07	1,152	5.69	726.04	43,314	5.98	28,472	5.60	52.13
	Mercedes-Benz	9,515	6.07	2,002	9.89	375.27	49,883	6.89	36,114	7.11	38.13
2	Toyota	8,420	5.37	626	3.09	1,245.05	40,095	5.54	27,651	5.44	45.00
	Kia	8,207	5.24	1,018	5.03	706.19	36,101	4.99	23,469	4.62	53.82
	Hyundai	6,228	3.97	241	1.19	2,484.23	23,608	3.26	14,058	2.77	67.93
	Škoda	6,093	3.89	333	1.64	1,729.73	26,169	3.62	17,840	3.51	46.69
	Peugeot	6,058	3.87	1,040	5.14	482.50	28,519	3.94	16,282	3.20	75.16
	Land Rover	5,494	3.51	779	3.85	605.26	32,419	4.48	20,933	4.12	54.87
	Seat	4,808	3.07	343	1.69	1,301.75	20,412	2.82	16,177	3.18	26.18
	Nissan	4,639	2.96	556	2.75	734.35	30,761	4.25	24,225	4.77	26.98
	Volvo	4,056	2.59	1,167	5.76	247.56	22,341	3.09	13,324	2.62	67.67
	Mini	3,563	2.27	319	1.58	1,016.93	17,473	2.41	13,355	2.63	30.83
	Suzuki	2,664	1.70	100	0.49	2,564.00	7,882	1.09	6,382	1.26	23.50
	Honda	2,662	1.70	195	0.96	1,265.13	9,413	1.30	9,822	1.93	-4.16
	Mazda	2,611	1.67	105	0.52	2,386.67	10,156	1.40	7,282	1.43	39.47
	MG	2,453	1.57	177	0.87	1,285.88	10,760	1.49	5,687	1.12	89.20
	Citroën	2,400	1.53	342	1.69	601.75	13,646	1.89	9,550	1.88	42.89
	Jaguar	2,364	1.51	476	2.35	396.64	9,485	1.31	8,839	1.74	7.31
	Renault	2,345	1.50	597	2.95	292.80	12,772	1.76	10,549	2.08	21.07
	Fiat	2,105	1.34	276	1.36	662.68	6,589	0.91	6,510	1.28	1.21
	Dacia	1,414	0.90	269	1.33	425.65	5,826	0.80	5,340	1.05	9.10
	Lexus	1,266	0.81	136	0.67	830.88	5,634	0.78	4,612	0.91	22.16
	Mitsubishi	1,001	0.64	69	0.34	1,350.72	3,545	0.49	3,937	0.77	-9.96
	Porsche	921	0.59	235	1.16	291.91	5,064	0.70	3,017	0.59	67.85
	Cupra	644	0.41	0	0.00	0.00	2,096	0.29	0	0.00	0.00
	Jeep	537	0.34	82	0.40	554.88	1,653	0.23	1,095	0.22	50.96
	Polestar	239	0.15	0	0.00	0.00	1,479	0.20	0	0.00	0.00
	Abarth	234	0.15	56	0.28	317.86	934	0.13	702	0.14	33.05
	DS	207	0.13	47	0.23	340.43	669	0.09	765	0.15	-12.55
	Subaru	158	0.10	8	0.04	1,875.00	596	0.08	262	0.05	127.48
	smart	148	0.09	10	0.05	1,380.00	682	0.09	280	0.06	143.57
	Alfa Romeo	139	0.09	45	0.22	208.89	554	0.08	706	0.14	-21.53
	SsangYong	120	0.08	30	0.15	300.00	464	0.06	510	0.10	-9.02
	Bentley	103	0.07	34	0.17	202.94	527	0.07	429	0.08	22.84
	Maserati	58	0.04	10	0.05	480.00	268	0.04	189	0.04	41.80
	Alpine	19	0.01	3	0.01	533.33	77	0.01	41	0.01	87.80
	Other British	236	0.15	49	0.24	381.63	1,058	0.15	720	0.14	46.94
	Other Imports	2,011	1.28	1,039	5.13	93.55	10,009	1.38	7,994	1.57	25.21
	Total	156,737		20,247		674.12	723,845		508,125		42.45



Beyond finance

"I'm more like a consultant, taking time to understand the dealership so that we can add real value to their business."

Watch Aimee's video to see how:
blackhorse.co.uk/beyondfinance

Aimee Winder
Account Manager
North East Region

A better way of doing business

blackhorse 

FINANCE OFFERS

MG's finance strategy is clearly working

MG is offering £750 discounts for any customer that test drives and then goes on to buy an electric vehicle (EV) or hybrid from its range before the end of June. This is in addition to 0% finance on every model and very low deposit levels are priced at the same level as the monthly payments.

MG's finance strategy is clearly working for customers as the brand is one of the standouts in the recovery of the automotive retail market so far.

The Chinese manufacturer's broadening range of EVs and plug-in hybrids – the MG5, ZS and HS – are all available for less than £400 a month.

MG's plug-in vehicle line-up isn't the most expensive on the market, but this pricing shows that, while the brand is lowering the barrier to entry, it's moving into more expensive territory.

HYUNDAI ON A HIGH

Hyundai is another brand that has seen a successful recovery so far this year and many of its own plug-in vehicles are priced either at a lower monthly cost on PCP than MG.

This is with the caveat that Hyundai's representative finance examples show figures with much higher levels of deposit, so there is a higher level of upfront cost.

Just two of Hyundai's models are priced at more than £300 a month in Q2.

Hyundai is running its own hybrid-focused sales push in Q2 with up to £3,000 off its i20, Ioniq, i30, Tucson, Santa Fe and Kona until the end of June.

Some models like the outgoing Tucson generation have discounts going beyond that £3,000 level, with £5,250 available to help move stock.

Hyundai also doesn't have 0% across its range, instead going for a 4.8% APR, which is just above the 3.5% average rate charged when looking at all manufacturers from AM's data in Q2.

Peugeot is another stand-out for growth this year, closely mirroring Hyundai with a rate of 4.9% across its model range until the end of June.

FREE SERVICE PLAN

Unlike MG and Hyundai, Peugeot is incentivising customers during Q2 with a free three year service plan, in addition to deposit contributions on every model.

The e-208 leads some of the chunky discounts with more than £1,050 off and a monthly price of £269 after a £5,000 deposit.

The French brand is offering thousands of pounds off models like the 108, 308, 508 and MPVs like the Rifter and Traveller.

The average discounts across the Peugeot range equate to just less than £3,500, compared with £2,000 for Hyundai.

Car finance has been a boon to these three high-

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
MG							
MG3 Excite 1.5 VTI-tech	PCP	£175	48	£175	£3,725	0.00%	30/06/2021
MG5 EV Excite	PCP	£326	48	£326	£9,121	0.00%	30/06/2021
ZS Excite 1.5 VTI-tech	PCP	£197	48	£197	£5,947	0.00%	30/06/2021
ZS EV Excite	PCP	£348	48	£348	£9,043	0.00%	30/06/2021
HS Excite 1.5T-GDI DCT	PCP	£292	48	£292	£8,312	0.00%	30/06/2021
HS Plug-in Hybrid Excite	PCP	£399	48	£399	£10,544	0.00%	30/06/2021
Peugeot							
108 Active 1.0L 72 5DR	PCP	£540.85	48	£173	£3,777	4.90%	30/06/2021
208 Active Premium 1.2L Puretech 75 S&S 5-speed manual	PCP	£1,814.73	48	£229	£6,345	4.90%	30/06/2021
2008 Active Premium 1.2L Puretech 100 S&S	PCP	£1,129.96	48	£269	£9,286	4.90%	30/06/2021
308 Active Premium 1.2L Puretech 110 S&S	PCP	£590.78	48	£279	£5,534	4.90%	30/06/2021
308 SW Active Premium 1.2L Puretech 110 S&S	PCP	£586.84	48	£289	£5,929	4.90%	30/06/2021
3008 Active Premium 1.2L Puretech 130 S&S	PCP	£4,226.59	48	£309	£10,857	4.90%	30/06/2021
508 Active Premium 1.2L Puretech 130 EAT8	PCP	£2,901.43	48	£319	£9,310	4.90%	30/06/2021
508 Active Premium 1.2L Puretech 130 EAT8	PCP	£3,402.96	48	£329	£9,880	4.90%	30/06/2021
5008 Active Premium 1.2L Puretech 130 S&S 6-speed manual	PCP	£4,344.12	48	£329	£12,706	4.90%	30/06/2021
Rifter Allure Standard 1.2L Puretech 110 S&S	PCP	£4,011.18	48	£252.89	£7,576.00	4.90%	30/06/2021
Traveller Active Standard 1.5L BlueHDI 120 S&S 6-speed manual	PCP	£5,732.05	48	£379	£11,590	4.90%	30/06/2021
E-208 Active Premium Electric 50 kWh 136	PCP	£4,945.26	48	£269	£11,774	4.90%	30/06/2021
Hyundai							
i10 - SE 1.0 67PS Petrol 2WD Manual	PCP	£4,000	24	£131.35	£6,088.32	4.80%	30/06/2021
i20 SE Connect 1.0 T-GDi 100PS 48 Volt Hybrid Petrol DCT	PCP	£6,100	48	£128.86	£7,352.19	4.80%	30/06/2021
i30 SE Connect Engine 1.0 120PS Petrol Manual	PCP	£6,400	48	£163.39	£6,554.91	4.80%	30/06/2021
i30 Tourer SE Connect Engine 1.0 120PS Petrol Manual	PCP	£6,600	48	£188.01	£6,826.71	4.80%	30/06/2021
i30 Fastback N Line 1.5 T-GDi 159PS Petrol	PCP	£7,800	48	£239.95	£7,469.97	4.80%	30/06/2021
i30 N Performance 2.0 T-GDi 275PS Petrol	PCP	£9,100	48	£260.05	£10,717.98	4.80%	30/06/2021
Ioniq Hybrid Premium SE 1.6 Petrol 141PS DCT	PCP	£8,500	48	£202.55	£9,866.34	4.80%	30/06/2021
Ioniq Plug In Premium SE 1.6 Petrol 141PS DCT	PCP	£9,800	48	£258.86	£10,405.41	4.80%	30/06/2021
Ioniq Electric Premium SE Electric Motor	PCP	£6,200	48	£313.60	£11,687.40	4.80%	30/06/2021
Kona Electric Premium 39kWh	PCP	£8,800	48	£213.33	£13,540.17	4.80%	30/06/2021
Tucson Premium 1.6 CRDi 115PS Diesel 48V Hybrid 2WD	PCP	£6,000	48	£233.79	£9,739.50	4.80%	30/06/2021
All-new Tucson SE Connect 1.6 T-GDi 150PS 48 Volt MHEV	PCP	£9,200	48	£213.71	£11,207.22	4.80%	30/06/2021
Santa Fe Premium SE 2.2 CRDi 200PS Diesel 4WD	PCP	£13,400	48	£341.65	£15,986.37	5%	30/06/2021
Santa Fe Hybrid Ultimate Hybrid 1.6 T-GDi HEV 6AT 230PS 2WD Automatic	PCP	£13,200	48	£264.52	£18,255.90	4.80%	30/06/2021

lighted brands and as a comparethemarket.com study of 2,009 car buyers has found, nearly two thirds (63%) are planning on using car finance to fund their next car in the second half of 2021.

The comparison website has launched a new car finance comparison tool after finding that 44% of car buyers failed to shop around for new car finance.

It's something to keep in mind ahead of Q3, particularly if comparethemarket.com gives this particular tool more of a marketing push over the summer.

Rob Silvey, manager for car finance, comparethemarket.com, is disparaging about new car finance

when commenting on the survey responses.

Silvey says: "Our research shows drivers do need to be careful to avoid being caught out by car finance when buying a new vehicle.

"Taking the finance deal offered by a car dealership can be like getting foreign currency at the airport – it may end up costing considerably more for convenience. Drivers should always try to shop around on car finance if they want to make sure they get the best deal." **TOM SEYMOUR**



SEARCH FOR FINANCE OFFERS

For a searchable list of manufacturers' finance offers, go to am-online.com/offers



VIEWPOINT

THE BEAR IN THE BOX

PROFESSOR JIM SAKER is director of the Centre for Automotive Management at Loughborough University's Business School, Institute of the Motor Industry (IMI) president and an AM Awards judge



I love our industry. It is dynamic, interesting and, at times, just plain odd.

This week the postman rang and presented me with a box. I wasn't expecting a delivery but thought that I must have got confused and forgotten about an order that had been missed from the plethora of pandemic-induced online transactions.

However, it wasn't something that I had ordered and turned out to be a teddy bear in a box. Looking more closely I discovered that it carried the branding of one of the cars I drive.

The challenge was that it took me a few minutes to find an explanatory card wedged at the bottom of the box. On the card it thanked me for having my car serviced at one of their dealerships. It went on to say that I was now registered on their Digital Service Record System which gave my details to every dealership in the franchise. The irony is that they don't have a franchised dealer in the city where I live. The message said that the bear was a way of saying thank you for having my service done by one of its dealers.

This was the first annual service on the car and was also having continued warranty work done on the faulty air-conditioning system. Unsurprisingly, I was always going to have the work done within the franchise and would choose the best

dealer in their network to get it done.

Why bother sending me a bear? There is nothing wrong with the bear which is more than can be said for the car. With the company now holding all my personal and service data why would a small bear be an appropriate 'thank you' gift for a grumpy old academic whose kids have left home years ago?

Please don't misunderstand me this is a very nice gesture, and I don't want to appear in any way ungrateful, but in an age when the use of customer data is going to be increasingly important surely that information could have been used more appropriately.

With the change in the value chain brought about by electric cars, most people in the industry are looking at ways at building relationships by exploring both customer and vehicle lifetime value. My problem is that I am not sure where the 'Send a Teddy Bear' strategy fits in. If we are going to bombard drivers with stuffed animals every time their car is serviced, I suspect there could be some resistance from charity shops overwhelmed with the items.

To make it worse, the company states 'we hope that you will give him a good home.' I now have a feeling of impending guilt and also a fear about what will turn up after the next service. Might need to find an independent.

LOOKING MORE CLOSELY I DISCOVERED THAT IT (THE TEDDY BEAR) CARRIED THE BRANDING OF ONE OF THE CARS I DRIVE

COLLABORATION IS KEY TO PROGRESS

LUCY TROTT client director, Drivvn



The automotive industry is experiencing change at a pace never seen before and across more than one vertical. The digitisation of the sales process and the move to alternative fuels have accelerated over the past 12 months.

Are retailers prepared for the journey? Data from digital stores and customer journeys across Europe shows that the way car buyers behave is changing.

Consumers want a complete solution coupled with high service levels. Digital interactions with organisations ranging from Amazon to Monzo mean expectations have risen. A purchase should be able to be completed quickly and seamlessly.

E-commerce requires a big shift in business operating models. It is not only consumers who need to go on a journey, but the industry as a whole.

Currently, manufacturers are pushing to implement online sales ability while testing out various options available to them. By learning from the rest of the retail sector, they are trying to figure out what can be replicated, what works and how to integrate this new model into our industry.

The rest of retail has long been providing customers with more than a complete solution. Amazon offers every product imaginable in one place, with rapid delivery, and all within a few clicks.

In automotive, meeting consumer expectations means delivering complete connectivity.

An online store should offer the full range of models with easy-to-obtain information, and the ability to make comparisons with what else is available and what they

have now. The result is an unbroken journey for the customer.

Customer service is also improving across the automotive industry. The use of artificial intelligence (AI) and machine learning means questions can be answered immediately, around the clock. When buyers want someone to speak to, the resource is there.

There is plenty of evidence of rapid change. The number of people who completed online reservations doubled during the first lockdown against the same period the previous year.

As customer behaviour continues to evolve, it will be necessary for the manufacturers and dealers to anticipate change and adapt the process.

The next step in automotive e-commerce is to ensure customers can complete the entire buying journey while dipping in and out of the sales process across multi-interconnected channels – a truly omnichannel approach.

The challenge for the industry is complex. If a silo approach is to be avoided, it will be vital for suppliers to work collaboratively to deliver a holistic outcome.

It's a task so vast that, if we aren't careful, it will lead to a limited view of the future being played out that doesn't take into account the full picture.

To support all stakeholders in the journey, Drivvn is creating an e-commerce-focused steering group where OEMs, retailers, and industry leaders can come together to share and learn.

It's important that as many people come together as possible to mutually advance the industry.



**“ THE THOUGHT PROCESS HAD TO
ASK THE QUESTIONS, ‘DO WE WANT
ALL THESE SITES, AND DO WE NEED TO
BE ENGAGED IN THESE EXPENSIVE AREAS FROM
A PROPERTY AND PEOPLE PERSPECTIVE?’**

JAMES BREARLEY, INCHCAPE UK

FACE TO FACE: INCHCAPE UK

'WE'RE IN REALLY GOOD SHAPE'

Following a string of headline-grabbing disposals to 'right-size' its business, Inchcape is now ready to seek growth through local market 'dominance'. **Tom Sharpe** reports

Inchcape UK will reassert its commitment to growth with the creation of an all-new standalone used car sales division and a series of large-scale dealership development projects.

After making headlines with the disposal of 20 dealerships in the past two years and losing the 'retail' classification from its London Stock Exchange listing as its global focus shifted towards distribution, the PLC is on course to fulfil the goals of its five-year plan.

Chief executive James Brearley told *AM* he is "really proud" of the results of the project to 'right-size' the group and harness technology to streamline its operations and drive omnichannel retail.

Now he's keen to grow through local market "dominance" with the help of a new 20-site used car retail operation.

"I think we now have a really good structure and we've positioned ourselves to maximise opportunity in our market areas," says Brearley.

"With our new footprint and omnichannel retail, we're in really good shape to embrace the opportunities that the market presents."

Brearley has overseen a dramatic restructure of Inchcape UK since he joined as chief executive in January 2017.

He re-joined Inchcape after leaving his post as managing director of Pendragon's Stratstone and Chatfield's Trucks divisions in 2015, initially working on the import contract for Jaguar Land Rover in Thailand having previously worked with Inchcape in the late 1980s.

Group chief executive Stefan Bomhard later asked him to join as the boss of the UK retail operation.

"There was a huge amount of opportunity to change and improve the business," Brearley recalls.

"I wanted to prove I could do it somewhere else."

While Inchcape's Ignite strategy to right-

size its business and refocus on distribution and wholelife automotive opportunities would come later, it was immediately apparent Brearley could make his mark.

He says: "This was a very old-fashioned business in the way it operated. Very non-digital and very paper-intensive, operating in vertical silos, if you like.

"(The dealerships) were working as individual businesses with no best practice shared. It was a collection of businesses rather than a group."

Brearley says he also likes the exposure his role with Inchcape UK gives him to a wider business which includes distribution through close OEM partnerships, describing it as "interesting and educational".

Inchcape currently operates manufacturers' national sales companies (NSCs) under licence in 35 global markets.

Brearley says he would expect Inchcape to be "the first choice" for any global automotive manufacturer looking to establish itself in the UK, but adds: "The UK's pretty well covered."

RINGING THE CHANGES

Brearley described Inchcape UK as "under-invested" at the time of his arrival, the result of "a series of historic acquisitions".

"What nobody had actually looked at was the crossover of franchise points and the space between them," he says.

"The thought process had to ask the questions, 'do we want all these sites, and do we need to be engaged in these expensive areas from a property and people perspective?'"

"The reality is that you can deliver a car into London from Coventry or Bolton or Norwich or wherever for a lot less, from a place where property is 30%-to-50% cheaper."

Brearley suggests that financial savings can be made through amore geographically-focused business, both in terms of logistics, marketing and greater career progression for its workforce.

He says: "The Arnold Clark and JCT600 model for dominating an area is one that works."

Brearley also set out to break down the barriers between the businesses to ensure a flow of best practice and simplify its operations through better processes and digital tools.

Central to leveraging the scale of the group would be the creation of a DMS (dealer management system) that could bring together processes, data analysis and the marketing of used cars.

Brearley says: "(Pendragon's) Pinewood had Pinnacle and had spent years working on a platform that it was possible to build a dealer group from."

Inchcape's strategy would involve an in-house development team working with supplier partners to deliver its own bespoke solution.

Head of digital strategy Paul Buckley leads the team which oversaw creation of the solution which brings together software from Salesmaster Stockbook, CitNOW, Rapid RTC, enquiryMAX and business intelligence delivered via Power BI.

Brearley says: "Five years on, we now find ourselves in a position where we have bespoke lead information and business controls."

The ongoing nature of the work to drive digital innovation put Inchcape UK "on the front foot" when COVID-19 hit in H1 last year, Brearley says.

Over the past 12 months innovation to allow the full balance of car sales and after-sales to be paid online have further enhanced the group's omnichannel offering.

"Between January and the end of March we sold 20,000 cars," Brearley says. "Look at our share of new car retail in January. We sold 5% of the market volume. That's punching well above our weight."

"In April, we have just ended up 1% on 2019. That wouldn't have been possible without the digital retail capability we now have."



RESILIENCE THROUGH RESTRUCTURE

Inchcape's digital capability will be the heart of its plan to drive the success of its newly restructured portfolio.

Its portfolio now numbers 80 locations, including its five new standalone Inchcape Used Car Centre businesses.

In H2 2019 the group disposed of seven sites to Group 1 Automotive and Motorline for a combined £21m and its Inchcape Fleet Solutions (IFS) operation to Toyota.

Among Inchcape's 2020 dealership disposals were Volkswagen West London and Twickenham to Citygate Automotive and Cooper BMW/Mini in Tunbridge Wells to Arden.

The disposal of 12 BMW, Mini and BMW Motorrad retail outlets to Vertu Motors followed, along with the £29.7m sale of its Jaguar Land Rover (JLR) Arch Concept dealership in Southampton to Hendy Group, JLR York to Lloyd Motor Group and and VW Oldham to Swansway.

In a set of 2020 annual financial results which revealed Inchcape's sector classification on the London Stock Exchange had become 'Business Support Services' – previously 'Speciality Retail' – Inchcape says its disposals in the period (including two in Australia) had generated aggregate net proceeds of £64m.

This helped bolster its balance sheet after a 36% decline in overall revenues and pre-tax losses of £188m at the half year point.

Those 2020 full year results show a 25% revenue decline from £9.38bn to £6.34bn

as pre-tax profits slumped 131.8% to a statutory loss of £128m (2019: £402m profit).

In its UK and Europe Retail division, the revenues fell 25% from £4.03bn to £3bn and operating profits declined 21% from £32.2m to £25.4m.

Inchcape UK's 2020 disposals came hand-in-hand with a restructure which included 200 redundancies.

But the move – part of a global restructuring programme targeting more than £90m of annual savings – helped the group begin 2021 in more resilient shape.

Having already repaid the support it received from the UK Government after July 2020 – and a £100m loan from the Bank of England's Corporate Financing Facility – Inchcape chief executive, Duncan Tait, reported Q1 2021 results "ahead of our expectations", with revenues of £1.9bn.

Zeus Capital says it expected Inchcape to achieve a pre-tax profit of £215m in 2021.

In his interview with AM Brearley recalls his concerns for cashflow and how long the pandemic was going to last in March 2020.

He says that the prior preparation of digital tools allowed a greater degree of focus on the group's workforce.

"Unless we have engaged and motivated people all that work is a waste of time," he says.

Brearley says Inchcape UK gathered all but one personal email address from the group's 3,600 employees so that weekly business updates could help "instil confidence about the business".

All of the group's heads of business remained in work throughout the crisis as aftersales operations continued to keep customers mobile.

Brearley says that the group started to plan the return to showroom trading in detail around three weeks into the first lockdown and says that the market's bounce in June, July and August last year made it "an easy decision" not to furlough staff in H2.

The decision to make redundancies was described as "difficult", but an extended notice period kept employees in the business from July to October to maximise their chance of finding alternative employment.

Brearley says the business "did not want to close the doors" during January's 'Lockdown 3' and kept its staff working, claiming that this was partly possible due to the right-sizing of the business.

"We were very much in control of our expenditure," he says.

Brearley also says the group has performed ahead of the market since re-opening in the middle of last year, delivering 4% return on sales for 2020 and 2.5% in April this year.

Staff well-being has become a key priority as a result of the COVID crisis, however.

Inchcape UK had been providing counselling for certain members of staff most impacted by the COVID-19 pandemic, but Brearley says it was equally important to ensure a balance for those not showing signs of strain.

He adds: "Many roles have changed and it's important people aren't spending their whole days strapped to a screen."

STAFF TURNOVER

Inchcape believes that it's better training the staff you know than recruiting from outside, using its "gilded training programme".

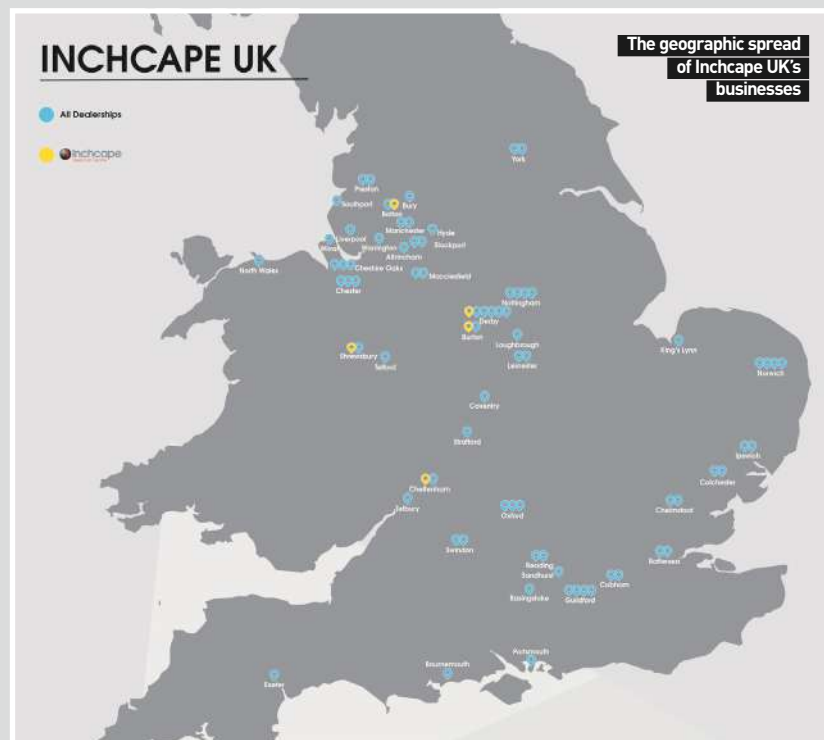
While the group's sales executive turnover was 33% in the year he joined, this had improved to 20% in 2019.

Over the past 12 months staff turnover among sales executives stood at 5%, although Brearley acknowledges that this is, in part, due to COVID-19's impact.

Brearley says he admires Sytner Group's approach of paying its staff "over the average".

Back in 2017 Inchcape UK reviewed its sales team structure, increasing the basic annual pay of a sales executive by more than 50% to £22,000.

Brearley says Inchcape UK still pays commissions, but has stopped paying percentage commissions, because "it's our belief that it's not the responsibility of sales executives to manage profitability".



Used car sales growth is a key part of Inchcape's plan



GROWING INCHCAPE'S FOOTPRINT

After disposing of businesses to refocus its portfolio geographically, Inchcape is once again investing in property.

The group has just signed off on a new Jaguar Land Rover (JLR) Arch Concept dealership in Norwich and has begun development of a sprawling standalone service centre in Guildford.

"That will be two storeys, with 30 bays to start with, which could expand to 50," says Brearley. "We're also building a retail centre right at the centre of Guildford, near the traffic lights, which will be open in Q3."

Work is also underway to create a new flagship Destination CI Porsche Centre, in Bournemouth, which will open in Q4.

But the most significant change in the group's footprint is set to come from its new used car strategy.

Inchcape UK is planning to open 20 new standalone businesses – each with an adjoining fast-fit aftersales offering – by the end of next year.

The business has already established six outlets, with sites in Cheltenham, Derby and Shrewsbury joining previously established locations in Burton-on-Trent, Bolton and York so far this year.

A site in Chester is also on the cards.

Brearley says Vertu Motors had acquired the York facility as part of the purchase of Inchcape's Cooper BMW division in December, but says there is more to come from the project, which will be re-branded later this year.

"Looking at the two established sites (excluding York) they are making 6% return on sales and we are very comfortable with that," he says.



Inchcape was named Lexus UK Retail Group of the Year as its Derby location claimed the brand's Kiwami Award in 2021



The company's JLR site in Southampton was sold to Hendy Group





“We’ve opened three more sites this year, another two in Q2 and next year we’ll have 17-to-20 primarily around the areas that we dominate in the North West, East and West Midlands.”

The used car sites are being established in industrial units – Brearley deems former franchised locations costly and poorly-configured by comparison – and will accommodate six workshop ramps for fast-fit maintenance.

Brearley says used car preparation would be carried out on-site, with a minimum of 180 vehicles in stock for customers to view.

LOW COST BASE

The used car centre business model is based around each site retailing 100 cars per month “from a low cost base”.

Unlike online retail disruptors Cazoo, cinch, and Carzam, Brearley says the new sites will be located in and around Inchcape’s existing franchised dealerships and would not be targeting nationwide coverage online.

Brearley says: “We studied Cazoo, Carmax and Carvana. I think Cazoo is interesting as a model of how not to do it.

“We have an omnichannel platform, but we understand low cost facilities, low cost preparation to a high standard and the distribution costs. On top of that we already offer a 14-day money back guarantee anyway.

“We definitely can deliver to someone’s house, at a cost, but we believe that there’s no demand from consumers for that whatsoever.

“We absolutely believe that people want to test drive cars and have seen that in the spike of activity that’s been seen since the lockdown was lifted.”

“WE DEFINITELY CAN DELIVER TO SOMEONE’S HOUSE, AT A COST, BUT WE BELIEVE THAT THERE’S NO DEMAND FROM CONSUMERS FOR THAT WHATSOEVER

JAMES BREARLEY, INCCHCAPE UK

Brearley says Inchcape UK currently has a used car stock of 6,500 vehicles – benefitting from the 40% of dealership car purchases that generate a part-exchange – adding that it achieves a “marketing cost of £52-per-unit, versus Cazoo’s £2,900 per unit”.

“Even in year-five of its plan Cazoo will still spend £500 per unit,” he adds.

Despite the current shortage of used cars entering the market, Brearley says that Inchcape has been able to maintain its stock volumes, despite “paying the price” for some additional units.

He says: “Part of that has been through a reduction in the number of cars we take to auction.

“When I joined Inchcape there was a tendency to remarket something that was more than five years old or 50,000

miles, now it’s more like 10 years and 80,000 miles, dependent on the car.”

2021’S HEADWINDS

Brearley tells *AM* that it was easy to look forward to the next couple of months with optimism, but says that uncertainty about the impact of the global shortage of semiconductors on both new and used car sales is a concern.

“I’m concerned about new car supply for the second half of the year,” he says.

“What keeps me awake at night is the big unknown – supplies for September.”

Of less concern to Brearley are conversations about the launch of agency-model car retail.

He says the wider Inchcape business had spent a lot of time looking at the agency model in its role as an NSC in other territories and says his main concern is that it “risks rewarding mediocrity”.

Brearley says: “The average will be much closer in terms of performance and that’s not good for us as we’re an above average performer.”

For now, Brearley remains optimistic about Inchcape UK’s future.

He says: “I’m really proud of the team and what we’ve achieved together. We have a five-year plan and we’re delivering on it.”

FACTFILE

TURNOVER: £3bn (UK & Europe)

OPERATING PROFIT: £25.4m

(UK & Europe)

HEADQUARTERS: Birmingham

LOCATIONS: 80

BRANDS: Audi, BMW/Mini,

Jaguar Land Rover, Toyota/Lexus,

Mercedes-Benz/smart, Volkswagen

HEADCOUNT: approx. 3,600

Meet The Supplier

ASSURANT



SEAN KENT
UK AUTOMOTIVE DIRECTOR

BIO

LIKES:
SUNNY HOLIDAYS

DISLIKES:
MINT CHOCOLATE

DRIVES:
VOLVO XC90

HOBBIES AND PASTIMES:
RUGBY, GOLF AND TIME WITH
THE FAMILY

COULD YOU GIVE US A BIT OF BACKGROUND ON ASSURANT?

Assurant is a Fortune 500 company and a leading global provider of products that protect major consumer purchases, including vehicles. Within the automotive space, we work with some of the world's most recognisable brands, including OEMs and dealerships, to offer value-added products and services that provide protection and peace of mind to customers.

WHAT AUTOMOTIVE SERVICES DO YOU PROVIDE?

We offer a comprehensive suite of protection products that enable our partners to work with one partner to provide a full range of products and services to their customers. Central to our business is extended warranties – products that help our partners build long-term relationships with customers and offer an important revenue stream. GAP Insurance, Cosmetic Insurance and Service Plans are also key.

WHAT TYPES OF BUSINESS DO YOU WORK WITH?

We work across all areas of the automotive value chain, partnering with OEMs, franchised dealers, independent dealers, and online retailers. Working across the industry allows us to analyse trends and consumer insights to support our partners in offering market-leading products and delivering a superior customer service. Our products can either be white-labelled or offered through the RAC brand, a popular option that assists in instilling confidence in the end customer.

WHAT SETS ASSURANT APART FROM COMPETITORS?

Assurant has more than 125 years' experience globally in the automotive industry – and we use this experience to deliver innovative products and services for our partners, creating sustainable solutions that add value to their business and their customers. Our underwriting and compliance functions are in-house, ensuring transparency, stability and security for our clients. One significant

differentiator is that we have several lines of business, and we take learnings and insights from working with leading brands in other industries to deliver a superior customer experience on behalf of our automotive clients. We also understand the importance of training. In 2020, we launched Dealer Academy, a fully integrated virtual training tool which provides partners with techniques to improve product knowledge, sales and profitability. And our Global Warranty Platform (GloW) has been created to make all aspects of automotive warranty sales and claims handling faster, easier and more effective for dealers and their customers.

HOW HAS THE PANDEMIC AFFECTED YOUR BUSINESS AND PARTNERS?

It goes without saying the pandemic has had a significant impact on the industry. As a global organisation, we acted swiftly and deliberately to focus on three guiding principles: safeguard our employees, deliver for our customers and business operations, and support our communities. We quickly transitioned our employees to work from home and maintained our support for dealers and customers throughout the pandemic – we're proud to have delivered the same high level of customer service.

WHAT ARE YOUR PRIORITIES FOR 2021?

Dealers have been under huge financial pressure over the past year due to the lockdowns. Our priority is to continue to support those businesses by using data to analyse and respond to market trends, for example, using Power BI reporting to review programmes site-by-site and ensure attachment rates of products are maximised where possible.

LOOKING FURTHER AHEAD, WHAT IS ASSURANT WORKING ON?

At Assurant, the future is already here! We started offering specialist warranties for electric vehicles last year, providing dealers with the opportunity to offer this cover as a stand-alone or top-up product, plus there is a selection of cover duration for the customer to choose from. We're also working on the future of car ownership and protection, including the connected car, to help our partners succeed for years to come.

TOM SHARPE

Want to find out more? Contact Assurant on...

Email – hello@assurant.com

Website – assurant.co.uk



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iVendi.com
tellmemore@ivendi.com
0345 226 0503



How to apply digital lessons from the pandemic to your business



By **James Tew**
CEO, iVendi

“

We believe that our Digital Deal technology, introduced last year, provides dealers with the means to offer the best aspects of showroom and online sales journeys in a wholly digital format.

With a connected, modular motor retail product range that engages consumers, converts buyers and manages transactions, iVendi technology interacts with around five million consumers every month as well as thousands of motor retailers, manufacturers and finance providers.

Important lessons about digital transformation can be learnt from the pandemic that will help dealers to greater retail success in the post-Covid used car, van and motorcycle markets, believes iVendi.

The developments identified have been detailed by the company in a comprehensive new white paper. *“Connected Retailing: Addressing the Challenges of Digital Transformation”* which is now available for anyone to download.

CEO James Tew explained: *“To our mind, the pandemic has prompted a fundamental shift in how dealers can best make use of technology. There have been many kinds of highly interesting developments. The question now is where each retailer needs to go from here?”*

He added that the main findings from the report could be summarised in four points:

1 Your systems must be able to handle any kind of buyer

The white paper identifies three different categories of consumer – digital only, traditional showroom purchasers and a hybrid buyer who uses a combination of both. Your dealership needs a digital system that can transition between each type and, crucially, to offer the same level of service to all. Think of the seamlessness of a John Lewis-style clicks-and-mortar model – achieving this degree of flexibility and effectiveness should be your aim.

4 Digital Deals are a game changer

Most of the points in the white paper are universal across the industry but this point is very-much centred on iVendi’s technology specifically. We believe that our Digital Deal technology, introduced last year, provides dealers with the means to offer the best aspects of showroom and online sales journeys in a wholly digital format. It allows a complete proposition to be built for a specific customer in less than a minute and has now helped our dealers towards £92M of sales.

2 Your physical and digital showroom are one sales floor

If there is one single lesson from the pandemic, it is that the showroom and digital spaces are really one big sales floor, something we are calling “connected retail.” Especially bearing in mind that the majority of vehicle buyers fall into the hybrid category, there can be no artificial separation of the two. Your system needs to be flexible enough to accommodate everything from finance quotes and applications to part exchanges and outstanding finance – whether the buyer is online or standing in front of you.

3 Maintain profitability across the whole deal

Whenever pressure on vehicle margins increases – as we are seeing at the moment – it becomes crucial for dealers to maintain profitability in areas such as warranties and other value-added products. Historically, these have been difficult to integrate successfully into digital processes but considerable progress has been made in the last year, mainly by including them earlier in the sales process as an integrated part of the deal.



It is important that once the lockdown is over, the same technological foundation that has proven itself invaluable digitally is equally effective in the showroom. It is not a question of driving more sales online but of providing a long-term ‘Connected Retailing’ solution.

James Tew CEO, iVendi

Finally, if you’d like a copy of **“Connected Retailing: Addressing the Challenges of Digital Transformation”**, it can be downloaded from ivendi.com/whitepaper

We’d very much like to hear your thoughts about its contents.



ENGAGE • CONVERT • TRANSACT

Meet The Supplier

PIB RISK MANAGEMENT



ADRIAN ROBINSON
MANAGING DIRECTOR,
PIB RISK MANAGEMENT

FACT FILE

HEADQUARTERS:
RETFORD, NOTTINGHAMSHIRE

OTHER GROUP DIVISIONS:
PIB INSURANCE AND
COOPER SOLUTIONS

WORKFORCE:
50

KEY FUNCTIONS:
HEALTH AND SAFETY RISK
ASSESSMENTS, AUDITS,
TRAINING, COMPLIANCE,
HR CONSULTANCY

HOW DID YOU START YOUR CAREER IN HEALTH AND SAFETY?

I left school at 19 and went straight into the insurance sector. Two decades ago I was approached by Cooke and Mason Insurance Brokers (now part of PIB Group) to join them. After they set up a health and safety department, I moved into that specialist area. One of my first clients was a motor dealer and from then I started working with various dealers and tyre and exhaust centres across the UK. I now sit on the Motor Vehicle Repair Forum and help overview the Motor Dealer Group Health and

Safety Forum, both liaise with the HSE on improving health and safety within the automotive industry. It's not a profile exercise, we want to help, and anyone can get in touch about their health and safety issues.

PIB IS AT THE CUTTING EDGE OF HEALTH AND SAFETY. WHAT HAVE BEEN THE KEY CHANGES SINCE YOU STARTED?

Originally, it was just health and safety advice, visiting sites and carrying out inspections. Over the years we have become a lot more in-depth. We carry out gap analysis, audit reviews, risk assessments, safe systems of work, on-site risk analysis, workforce training, business continuity planning and fleet risk management. We also have a HR consultancy function. Helping tie it all together is our online risk management software, xCenta.

WHAT ARE THE KEY FUNCTIONS OF XCENTA?

Our clients were instrumental in developing the system, they were asking for something specific to meet the needs and operations of a motor trade business rather than just a generic solution, it really has enhanced our overall proposition.

HOW WOULD YOU DESCRIBE PIB RISK MANAGEMENT'S APPROACH?

We must provide a tailored service. Often a business comes to us with an issue and it's our role to find the

PART OF **pib Group**

solution. It might be documentation, training or something that requires a site audit. With health and safety, documentation and the ability to revert to evidence is key. We will ensure policies and procedures for safe practices that are fully reasoned and documented. Working smarter and safer can also drive efficiency and cost savings. People know how we work and trust us. That's why we get senior staff moving from one retail business or group to another and adopting our services wherever they go – or recommending others. That's a great position to be in.

THE PAST 15 MONTHS MUST HAVE BEEN A BUSY TIME FOR THE SECTOR

We had to be at the forefront of the COVID crisis. We have been able to advise our clients on risk management throughout, right from the initial safe shutdown procedures to social distancing, cleaning procedures etc, return to work processes, and the assessment of sites before they reopened and continued audits. The PIB Motor Trade Practice Group has representation from three areas of our business (Risk Management, Cooper Solutions and Insurance Broking) and we worked together and continue to do so to develop our offering and guide our clients through the challenges of the times. COVID has played a part in refocusing businesses on health and well-being.

HOW MUCH OF A CHALLENGE HAS THE SHIFT TO ELECTRIC VEHICLES (EVs) POSED?

The HSE is facilitating an EV working group as part of the Motor Vehicle Repair Forum. There are a lot of considerations that can easily be overlooked, some as straightforward as how silent vehicles can be when moving around a dealership site. We have to be on top of all the potential risks. The automotive sector is evolving so rapidly. I love it and I love that PIB Risk Management has the solutions to help businesses navigate the changes in a safe and compliant fashion. TOM SHARPE



MINUTES WITH...

Jack Allman,
chief commercial officer, Bumper



I suppose the purpose of Bumper is to help consumers cope with those sudden big repair bills, is that right?

We want to help dealerships maximise their revenue opportunities at the same time as helping the customer. Ultimately, we see it as a win/win outcome; the dealer maximises its parts and labour opportunity and the customer gets their car back on the road by being able to authorise more of that work because they can spread the cost of it – interest-free, and therefore it's not a big financial hit to them. Most people don't expect to budget for when things go wrong with their car.

We're on a bit of a crusade to remove discounting from the industry. Very few industries allow you to negotiate on your laptop, sofa etc., but you come in for your car repair and chip the dealer on it. For me that just erodes that value proposition – you have genuine parts, trained technicians, beautiful facilities yet you're drawn in to a position where you've told the customer it'll be £500 but you then say you'll do it for £450. In reality, that doesn't solve anything for the customer.

Do service advisors feel the need to discount because they fear the customer will go away to find somewhere cheaper?

There's that perception that franchised dealers are more expensive than independents, but, in reality, they are super price competitive now. If a service advisor can say 'we've checked over the car, most things are okay. There's just a couple of items that need attention, it's going to be £300 but you can pay £100 a month, would you like us to go ahead with that?' it's a far more positive conversation.

In reality a discount won't help. If you're facing a £300 bill and get given 10% off, that £270 is still a problem for most people. But if you get to pay £100 a month, and you're already thinking in monthly budgets as you might have a PCP and service plan, carrying that forward can create an exceptional experience.

THE UNDERLYING PRINCIPLE OF INTEREST-FREE CREDIT, 'BUY NOW PAY LATER', IS IT HELPS CONVERT CUSTOMERS

JACK ALLMAN, BUMPER

Whether its gym memberships or paying the TV licence, I don't know anyone that's not paying for things monthly. But when it comes to car repairs it's big lump sums, and that's what we need to address.

When the workshop already has their car, and may have given them a loan car, doesn't it make sense to make it easy? Many customers will value the convenience.

Absolutely. Many people defer work because of the cost, they'll have some of it done now and re-book in a few months when they can afford the rest. But if you can say to them to get it all done now and then don't worry about coming back in six months, that convenience is valuable. Retaining that car for longer is the panacea for dealers; the car gets to four years old, warranty lapses and they start to lose them. The average age vehicle we're funding in the franchised space is just more than six years old; with customers spending significant sums but then scoring us 4.9 out of 5 on Trustpilot. So it's old cars, big bills, but customers coming out feeling they've had a five-star experience. You don't necessarily get that with giving 10% off.

The underlying principle of interest-free credit, known as 'buy now pay later', is it helps convert customers. It gets them into the shop or dealership and it increases their average spend. There are positive outcomes.

Given many dealers are looking to increase sales of older cars, and growth in electric vehicles may impact on their service revenues, they need opportunities to hold onto these customers for aftersales too, don't they?

Definitely. The UK's average age of a vehicle has just peaked at 8.4 years, and, if people are holding onto their cars for longer, in theory repairs get more significant and more costly, so dealers need to help them. It's not to say that every customer will go for monthly payment; some will pay cash, some use credit cards and some might have accounts. But there's a growing subset of customers who want to pay instalments by digital methods. Our average customer age is 41.

You started as Auto Service Finance and rebranded to Bumper, and marketed this to both the trade and consumers. Why consumers?

We have a service where we push customers into our partnership network. We have a concept of a pre-approved customer, so if you know you've an MOT coming up or work identified but don't know how to pay for it, you can go to our website, get pre-approved and select a partner business. We have around £1m being pre-approved per month through the website – these are customers searching to get their cars repaired.

Auto Service Finance wasn't particularly consumer friendly. Bumper is more memorable for drivers. It works in different markets with different languages. Bumper has the association with automotive, which is important to us because we don't operate in any other sectors.

And now you're pushing out into Europe?

We launched in Ireland in the middle of the pandemic last year, which, in hindsight, was dreadful, but it allowed us to learn on a small scale, which was beneficial. In Q3 we're launching into some mainland Europe markets, helped by some of our OEM partnerships. **TIM ROSE**

FACT FILE

SITES:
LONDON (HQ),
SHEFFIELD,
ANKARA IN TURKEY
STAFF: 25
FOUNDED: 2014

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Put it in your diary – and keep up to date with announcements by registering your

AT THE NEC

The Automotive Management Live show will return to the UK's premier exhibition venue on **November 11**.

Hundreds of inspirational tips and dozens of clever innovations are in store for visitors to Automotive Management Live when it returns to Birmingham's National Exhibition Centre (NEC) this November.

Features of the 2021 Automotive Management Live show will include:

- The Inspiration Theatre (NEW) – home to strategic presentations on leadership, improving profitability and optimising a future with electric vehicles.
- The used cars hub (NEW) – an interactive, engaging new feature sharing the latest news in this critical profit centre for all dealers.
- The Digital Dealer zone – hear from the latest technology leaders in the sector.
- Operational Excellence Theatres – homes to expert presenters on critical topics including aftersales, used cars, motor finance and customer loyalty.
- Exhibition space with almost 80 stands and displays from the industry's crucial suppliers.
- Networking areas, including the AM100 executive lounge, where you can meet your peers and privately discuss the key issues and opportunities you're seeing.

Attend to:

- Meet senior representatives from the full range of service providers and suppliers to automotive retail. High level discussions with these representatives will enable faster, better decision-making in managing your business
- Discover latest technologies presented by innovative solution providers to future-proof your business
- Connect with and learn from your peers – discuss the latest challenges and uncover opportunities together
- Debate the future of the changing retail landscape and where your business is heading
- Hear about the best methods to communicate with the consumer – learning new techniques and skills to balance your workload



SAFETY AT THE EVENT

As the automotive industry moves forward, we are dedicated to delivering events and facilitating gatherings with health and safety at the top of the agenda.

Automotive Management Live will take place on November 11 in line with the latest Government guidance. Events director Chris Lester and his team have worked alongside the AEO (Association of Event Organisers) to develop the All Secure

Standard, an industry-wide benchmark for the safe return of organised events so attendees can visit with confidence.

We will ensure we communicate any restrictions and safety measures in place so all our guests have the opportunity to ask any questions prior attending the event at Birmingham NEC.

We will ask guests to provide us with pre-attendance information to support any screening

(if still required) and prevent people attending if they have symptoms of COVID-19.

Signage will be displayed to highlight social distancing requirements (again, should this still be Government advice). We and the NEC will also ensure that social distancing measures are in place not just where the event is being conducted, but also at the entrances and exits, serving areas and similar settings.

interest here: www.automotivemanagementlive.co.uk/register-your-interest-2021

Meet The Supplier

OEC



TORSTEN FIEBIG
INTERNATIONAL DIRECTOR OF SALES

CV/BIO

LIKES:
MY FAMILY AND HISTORIC CARS
DISLIKES:
COLD AND RAINY DAYS
DRIVES:
MINI COUNTRYMAN
DESERT ISLAND ITEMS:
MY FAMILY AND A GOOD BOOK
FAVOURITE MEAL:
ANYTHING EXCEPT PINEAPPLE

WHAT IS OEC AND WHAT IS ITS FOCUS AS A SUPPLIER TO AUTOMOTIVE RETAIL?

OEC was born 21 years ago out of a partnership between three major OEMs whose main aim was to compete with the growing aftermarket and sell more genuine parts. Since, OEC has expanded its services through various acquisitions globally, including (but not limited to) that of data experts, Clifford Thames and trade programme specialists, Bluegrasscoms, meaning we now have decades of varying sector experience under one roof.

In a nutshell, OEC is a strategic partner to help OEMs and their dealers sell more genuine parts and create aftermarket efficiencies through a range of bespoke services and software solutions.

WHAT IS THE MOST EFFECTIVE OR IMPACTFUL SOLUTION OEC OFFERS?

As the premier data services provider, we support the service and repair of vehicles through authoring, managing and distributing automotive data, saving OEMs and their dealers millions of Euros by increasing the accuracy of their data. Through our integrated, EPC and API software solutions, we help our customers manage and catalogue their parts data more effectively, meaning dealers can find the right part more quickly, which saves time and money.

WHAT SOLUTIONS DO YOU PROVIDE THAT CAN SOLVE RETAILERS' AFTERMARKET 'PAIN POINTS'?

OEC solutions and services integrate and cover all areas of the aftersales value chain, meaning that we help OEMs, and their dealers, actively compete with the aftermarket, drive enhanced parts revenue and create efficiencies wherever possible.

Whether that's saving time and money by improving an OEM's (and, therefore, dealer's) data quality, offering an online booking solution that's available 24/7 for service enquiries, saving a car with our Total Loss Avoidance collision solution or consolidating fleet management or tyre orders and invoices from different

suppliers into one system, we strive to provide answers to complex and taxing issues that arise again and again for OEMs and dealers.

Where increased profitability and sales is the aim, we can produce marketing materials in almost any language and provide consultancy, telesales and field support services, with a successful track record of increasing profits for OEMs and their dealers in the first year of trade programme implementation.

All our solutions and services have been developed to improve efficiency by always adhering to best practices.

IS THE AFTERMARKET AN 'UNTAPPED OPPORTUNITY' FOR MANY CAR RETAILERS?

Yes, absolutely. More and more, customers are striving for an improved, seamless experience and processes in the aftermarket are becoming a lot better to cater to that need. Therefore, our view is, rather than fighting against the aftermarket, why not partner with key stakeholders within it to promote the use and sale of genuine parts?

WHERE DO YOU SEE PARTS SALES GOING?

It's certainly an exciting time for the aftermarket with a lot of change occurring. I feel like we will continue to see more connectivity between markets/regions and multiple dealerships who can improve on the cross-selling and distribution of genuine parts by adopting online e-commerce platforms.

WHICH BUSINESSES DOES OEC CURRENTLY COUNT AMONG ITS KEY CUSTOMERS?

Many major manufacturers, including Ford, General Motors, Stellantis, Jaguar Land Rover, Nissan, BMW, Mercedes-Benz Trucks & Vans, VW Group and more than 30,000 of their combined dealerships. We also work closely with various leasing and finance companies.

HOW WOULD YOU DESCRIBE OEC'S RELATIONSHIP WITH ITS CUSTOMERS?

We always view our customer relationships as partnerships above all else. We may be understated, but we take a key strategic role in working toward the mutual goal of creating efficiencies, saving money and/or helping to grow genuine parts revenue wherever and whenever it is possible. TOM SHARPE

Address: OEC, Construction House, Winchester Road,
Newbury, RG20 9EQ **Email:** eusales@oeconnection.com
Website: www.OECConnection.com



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Consumer Finance

startline
MOTOR FINANCE

WHAT THE FCA UPDATE HAS MEANT FOR DEALERS' SALES

At the start of the year the Financial Conduct Authority introduced new regulations to make customers aware of commissions. We examine the impact



HAVING THE INTENDED EFFECT?

'GOOD OUTCOMES FOR EVERYONE INVOLVED' AND 'NO MAJOR IMPACT' ARE AMONG THE REACTIONS

PAGES 32-33

HAS ONLINE FINANCE COME OF AGE?

MORE AND MORE CAR BUYERS ARE LOOKING TO ARRANGE THEIR OWN FINANCE BY VISITING THE NET

PAGES 38-39

HURDLING THE PANDEMIC BARRIERS

MEASURES TO ADDRESS COVID-INDUCED HARDSHIP HAVE IMPACTED FINANCE HOUSES AND DEALERS, BUT CONFIDENCE IS RETURNING

PAGES 44-45

Are you losing one in four customers?



At Startline, we're able to offer motor finance to around one in four potential car buyers who have been turned down by prime lenders.

Some applicants are excellent credit risks but don't quite fit normal lending conventions. The fast-moving pace of recent events mean that there are more of these individuals than ever before - and our belief is that they deserve products, service standards and terms comparable to any leading motor finance provider.

We have a flexible approach to lending that uses a combination of the best technology and human skills to meet their needs. At times when your prime lender steps back, we step in.

Shouldn't you consider making Startline part of your lending panel?

enquiries@startlinemotorfinance.com
www.startlinemotorfinance.com

startline
MOTOR FINANCE

Putting motor finance data to work for dealers



**By Paul Burgess,
CEO, Startline Motor Finance**

Motor finance companies such as ours generate a lot of data and, historically, we've been good at interrogating that information to spot useful trends and signals. It's this kind of expertise that allows us to underwrite with accuracy, for example.

However, it's probably fair to say that we've not been quite so good at sharing that data and those skills with dealers and other introducers – but lately we've been looking at new and innovative ways of changing that situation as part of a wide-ranging digitisation project that

was planned before the pandemic and has continued through the past year.

We have two reasons for wanting to use our data more imaginatively in this way. First, we want to build closer relationships with those partners and, second, we recognise that the right initiatives can be used to add value and, ultimately, profitability for all.

The principal result of this thinking is a new solution called Insights that we plan to make available to vehicle retailers and other introducers soon.

It's a range of online tools that will allow them to dig deeper into the finance deals they write with us to gain greater

understanding.

With Insights, we aim to deliver information that can be accessed online to help with everything from day-to-day management to major strategic decisions. That means providing easy visibility over all key aspects of transactions on a daily, weekly and monthly basis, but also offering information about customer scores, credit bandings and credit quality.

Our belief is that this data, used correctly, could help businesses to identify new approaches to motor finance sales and marketing.

It is all about putting the data to work for dealers and introducers.

If you can identify trends that are developing among your customer base from our information, then there may be ways in which you can evolve your proposition to meet their needs.

We believe the information we gather is much underused in this manner and that, correctly employed, it can add to your bottom line. We can't wait to show it to dealers and see how they use it in real world conditions.

ABOUT STARTLINE MOTOR FINANCE

Startline Motor Finance uses a unique mix of technology, financial acumen and human skills to often approve applicants who have been previously declined by mainstream prime lenders, while still offering attractive and competitive rates and terms.

We now work with more than half of the UK's top 50 dealers by turnover, adding flexibility to their lending panels and meeting the needs of car buyers who might otherwise be lost by vehicle retailers and other introducers.

Managed by a highly experienced motor finance team, the business is headquartered in Glasgow with a sales presence throughout the whole of the UK.

Email: enquiries@startlinemotorfinance.com

Web: www.startlinemotorfinance.com

startline
MOTOR FINANCE

Are the new FCA regs having the intended effect?

From September, the authority will get mystery shoppers to gauge the impact of ban on discretionary commissions

Six months on from the introduction of new Financial Conduct Authority (FCA) regulations, automotive retailers should be starting to see an impact on average commission levels as they adapt to a new way of working.

As of January 28, the FCA introduced a ban on all discretionary commission (DiC) models in motor finance, forcing the industry to introduce alternatives like risk-based pricing or fixed rates of commission.

The FCA wanted to stamp out the type of finance commission where brokers or retailers were rewarded for charging consumers higher rates.

When these rules were announced in July 2020, the FCA said it wanted to see a £165m saving for customers. This figure would be found as a result of the lowering of commission rates across the board.

However, Alphaera national head of sales Kirk Franks says there has not been a major impact.

Franks tells *AM*: "We've had conversations with some partners that were worried about finance penetration, but they've either held or improved. Customers understand it, dealer

staff understand it and from the anecdotal feedback I've had, I've had no qualms or potential issues as a result of the ban on DiC. This change has been slight and it's not caused problems for the customer journey either."

The ideal outcome for the FCA and customers is to see commission levels reduced, but for dealers that needs to coincide with total volumes increasing to make up for any loss in earnings.

This has been the case at MotoNovo on used car finance, which introduced its risk-based pricing "MotoRate" in July 2020.

Risk-based pricing is a method that lenders can use to determine interest rates for car finance based on the applicant's creditworthiness and risk. If a customer has a good credit rating they get a better percentage APR. If poor, the APR percentage goes up.

Dealers using MotoRate have seen a 16% increase in acceptance levels for finance proposals under the new way of working, compared with the previous pricing model.

This increase is in contrast to Finance and Leasing Association (FLA) data that shows used car finance volumes dropped by 15% in Q1 2021.

MotoNovo chief executive Mark Standish says: "Dealers embracing the model are welcoming more finance customers and increasing their acceptance levels."

"The performance gain is primarily linked to dealers' newly-established capacity to meet the finance needs of higher quality customers with a competitive rate."

"The model provides more reasons for more customers to choose a car and finance from a dealer and it creates good outcomes for everyone involved."

Operationally, Franks says the changes FCA has introduced have not had a negative impact on the customer journey.

Alphaera already had quite a few dealer group customers that were working to a fixed rate of commission structure, so there was a history there for them to draw on with new

“WHERE WE HAD PARTNERS THAT WERE A LITTLE BIT WARY OF THE CHANGES, WE COULD POINT TO THE FACT WE HAD ALREADY BEEN DOING IT AND IT HADN'T HARMED, BUT IMPROVED, BUSINESS PROCESSES

KIRK FRANKS, ALPHERA



partners moving to the new way of working.

Franks adds: "Where we had partners that were a little bit wary of the changes, we could point to the fact we had already been doing it and it hadn't harmed, but improved, business processes due to the increased level of transparency for customers."

"It was a hell of a lot of work for the internal team to get the changes sorted, but it's been going well since."

"We consulted and had early discussions to make sure dealers had their processes and procedures amended and ready to go."

"We staggered the roll-out so we already had a lot of groups on the one-rate system in the lead up to the end of January."

COMMISSION DISCLOSURE

Another area of change from January 28 was the fact dealers must "prominently" disclose



the fact they are receiving a commission for arranging finance.

This prompted fears that customers would start asking more questions about the level of commission being made per deal.

However, there's positive anecdotal news from Alpha's perspective.

Franks says: "We are not having feedback to us that there are a huge number of customers asking about commission disclosure.

"There were some retailers that had been asked by customers about it, but that was only around the time it was announced.

"Since then, it's not caused any problems."

Franks says the changes around commission disclosure have not been "onerous" and there have only needed to be tweaks, rather than an entire rewrite of the sales process.

Lawgistics legal advisor John McDougall raised the point that some of the firm's dealer customers have been contacted by solicitors

since January 28 after intimating that historical finance agreements have been mis-sold and customers are not being made aware of finance commission.

McDougall says: "Letters are being sent to our members requesting they divulge confidential information about commission that was not requested by the customer at the appropriate time.

"We have noticed that this has caused confusion with several of our members."

McDougall said that as with most FCA rules and guidance, it has not been prescriptive as to what retailers should and should not do with regards to commission disclosure, so the changes are "very subjective".

He says: "Displaying commission disclosure prominently for one member may be totally different to another.

"A franchised dealer with numerous manufacturers' finance houses compared with an

independent dealer using only a couple of lenders, may do things totally differently."

The FCA's own guidance states: "A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading."

McDougall adds: "Don't forget that the lender has a responsibility in this area to take reasonable steps to ensure that other persons acting on its behalf comply with the FCA regulations."

PREPARATIONS FOR SEPTEMBER

From September this year, the FCA will carry out point-of-sale mystery shopping exercises to measure lenders' control over dealer networks and ensure compliance.

From this point onwards the FCA will gather evidence to determine whether its measures are acting in the way it envisioned to save that £165m a year.

Franks says: "Our compliance monitoring team works to ensure that all staff understand the rules, completing regular compliance health checks and analysing reports to make sure our 'one rate, one commission' model is being adhered to."

Alpha recently launched an online finance and insurance training programme, named 'Funding Essential Skills', to act as a refresher course for new employees or F&I sales specialists returning to work after furlough who may not have been introduced to the new commission model.

Franks adds: "Teething problems are to be expected with any significant industry change, but we are making sure our partners are well equipped to manage any potential issues.

"Alongside the compliance health checks, we are working to make sure that any minor issues are picked up and addressed before the FCA's reviews begin."

One dealer group boss who preferred not to be named, says there has been an impact on average commission income, but this has been made up for by the fact there has been greater finance volumes going through.

However, the boss did express concern that if it's found to be that dealers' finance incomes are not drastically changing, or that the new FCA rules are not creating a hugely positive impact for consumers, there could be further changes ahead.

The boss says: "The FCA is looking for average commissions to drop by millions of pounds each year and the easiest way to find that out is to ask each of the finance houses for their figures.

"I think September will likely focus on the details of the finance promotion itself and how commission disclosure is handled. If the FCA doesn't think the measures have worked, the industry will be faced with full disclosure during the sales process."

TOM SEYMOUR

Step forward with confidence

It's been a climb, but we're nearly there – we've made it. Northridge Finance will continue to stand with our dealer partners.

In challenging times, we adapted quickly so that our customers could stay resilient, competitive and able to deliver exceptional service. Now these innovations put Northridge in pole position to help you build for tomorrow and profit from industry trends.

Our agility, together with solid foundations, experience and customer focus will support you through the way ahead.



Finding the right funding partner

As we emerge from Covid and enter a time of refocusing, Vehicle Funding is a key area under review by dealerships. Adding or replacing some financial partners could benefit your business.

What should you be seeking in a lender to get the best match for your objectives?

The right choice can enhance competitiveness, profitability and sales, while reducing turnaround time and administration to maximise efficiency.

The unexpected does happen, so your funder should be a source of stability. Trust matters; enjoying the peace of mind that a critical service is handled by a partner who protects your interests.

Good communications make the difference. You want a funder who listens, designing products and services around its customers, and will be responsive and decisive when it counts. Processes which allow buyers to view and select vehicles, new or used, secure financing and complete the sale all remotely have become fundamental. Northridge moved quickly, adapting its seamless in-store proposition.

A smart starting point is to choose an established company with strong foundations and proven performance in this sector. Steady growth is always a good indicator.

Solid, but an innovator that adapts to a changing marketplace; monitoring the trends and complex regulatory landscape and creating solutions to give dealerships the edge.

Northridge Finance has shown the agility to react quickly and effectively to the issues affecting the automotive industry today.

During the pandemic, Northridge invested in technology, reinventing processes to facilitate remote buying and click and collect. With demand for these options set to continue, Northridge and its customers have a head start on future-proofing.

When every day seems to bring something new, flexibility is the most valuable attribute.

Take the global shortage of semi-conductors now affecting the delivery of new vehicles and therefore interrupting the supply chain of used vehicle entering the market.

Obviously a buoyant used car market has its positives but lack of stock availability creates concerns. Dealers have to consider their stock, some turning to slightly older vehicles.

Your finance company should be accommodating enough to change their lending criteria to assist.

Lockdown also brought changes to consumer spending patterns, with more saving and increased levels of "cash" available. A supportive lender will recognise lower finance penetrations and be prepared to support.

Northridge Finance brings together all the qualities to look for: secure, innovative, dealer-focused, flexible. Customer-centred means continually evolving products to help dealers overcome challenges, stay resilient, offer superb service and grow.

Now that the industry is entering a new era, it is vital to team up with a funding partner that is forward-thinking, yet experienced enough to handle all the issues and opportunities. A lender that is proactive, not just reactive.

Northridge Finance lets you step forward with confidence.



James Dempster
Head of Sales, Northridge Finance

Northridge FINANCE



Whatever's next, let's do it together

When the world changes quickly, it can feel hard to know what your next move is. That's why our Account Managers take the time to really understand your business. With their knowledge of customer service and innovative solutions, they can help you simplify finance and keep your business moving forward.

Get up-to-date business support at
blackhorse.co.uk/dealer/resource-hub

blackhorse



A new dawn

How have the FCA changes impacted dealerships?



The launch of the new FCA rules on the 28th January 2021 marked a milestone in the progress the industry has made, with its focus on continually improving customer's understanding of motor point of sale finance. The new rules have further raised industry standards to help deliver consistently good and clear finance outcomes for car buyers. So, how have dealerships coped with the transition, and how could your dealership better adapt to the new rules?

A fair, transparent environment

Ensuring a fair and transparent environment in the showroom and online, as well as good outcomes for all customers, is a continual focus for Finance Companies and Motor Dealers. Customers want clarity on funding options when deciding to buy a car, and if they get this and good value for money, they will buy with confidence and return in the future.

How are you being supported through these changes?

Most dealerships have achieved a seamless transition to the new FCA rules. How have they done this? By working with supportive finance providers like Black Horse.

"We have worked closely with Black Horse over a number of years to ensure Motorpoint customers always experience a clear and transparent finance transaction. This has enabled a seamless transition to ensure compliance with the new industry rules"

Mark Carpenter – CEO Motorpoint Plc.

Following years of working together, our dealers have been able to align their business with FCA requirements. But more than this, it's kept them ahead of the curve

and held customer satisfaction at the forefront of thinking.

The rate for risk model

The development of 'rate for risk' models are also being seen in the wider market. This model will evolve but currently uses simple soft searches to align customers with an APR price that matches their credit profile. As a dealer, this allows you to provide finance for a wide variety of customers so you can best meet their needs – whatever they are. We're working with dealers to develop a rate for risk concept.

"It's important that we have a pricing structure that is inclusive for all Vertu customers and provides them with rates tailored to their individual profiles. We have worked with Black Horse to develop a transparent approach that is forward thinking and well adapted to digital and conventional customer journeys"

Steve Rowe – F&I Director Vertu Plc.

The FCAs work on motor finance has been a great example of how a regulator and the industry can work together for the benefit of customers. It's created the perfect dawn for a new era where customers will flex more between the showroom and digital car channels when choosing a car.

How to help your dealership adapt to the new rules

1. Speak to your finance provider

Your finance provider can support you with the new rules, and help you build strong compliant offers and campaigns for your customers.

2. Make the Commission

Disclosure clear and upfront

The FCA have been really clear on disclosures being given early and upfront. This gives your customers plenty of time to consider their offer, so they can compare it with other choices they have.

3. Think new journey

New fixed price structures are clear and more engaging for people buying cars in showrooms or remotely. Consider your customer journeys and how they are changing. Simple and clear means more confidence and sales, both on and offline.

To find out more about the new FCA rules and how the industry has adapted, head to am-online.com/news/finance/?p=2

A better way of doing
business together

blackhorse 

Has online finance really come of age?

More and more car buyers are looking to the web to arrange their own finance

Lenders and finance platform providers report increased online vehicle financing activity, albeit mixed with dealership interaction, although the trend is far more pronounced in used than new.

While highlighting the caveat that online finance may have been instigated at the dealer's suggestion, figures from online retail platform provider iVendi indicate a massive jump in consumers arranging their own funding.

In Q1 2019, 10% of online finance applications resulting in a transaction were self-managed by the consumer. Just as the country went into the first lockdown, Q1 2020 had seen steady growth to 15% but by Q1 2021, that figure had leapt to 37%. More than a quarter (26%) were managed solely by the consumer although it is unknown if any were at the dealer's suggestion, while 11% had dealer input.

iVendi CEO James Tew says: "Out of adversity has come ingenuity. Had we tried to get dealers to change their processes, it would have been much more difficult, but there is much more open-mindedness now. The first quarter of this year was the most digitally mature ever."

Transactions through Alphera's online platform e-Retail were up by 11% in Q1 2021 compared with Q1 2020, although head of national sales Kirk Franks reports some complete solely online and others 'dip in and out' interspersing online with retailer interaction.

Consumers can undertake the entire purchase process online including vehicle search, understanding affordability and completing end-to-end finance supported by an e-signature platform. Post-transaction, customers are also provided with access to their own portal through its 'myAlphera-Finance' platform where contact details can be updated and options when the finance agreement comes to an end are outlined. The number of users doubled during 2020 and more than a quarter of UK customers are registered on the platform with 47% using it

to 'self-serve'. During the pandemic, Alphera saw a 75% increase in its dealer partners utilising the platform as customers became more comfortable managing their motor finance remotely.

Franks says: "We can't quantify at any time during that process if the retailer is involved. COVID has pulled the online experience forward five years, but it's a hybrid of both to get what the customer needs. Speaking to partners, footfall is down, but sales are buoyant."

Over the past 12 months, data from Codeweavers' online finance calculators shows a near doubling of users from an average of 280,000 per day in June 2020 to 480,000 in April 2021. Some of the growth can be explained by further increase in adoption by retailers, but the majority is down to consumer behaviour with volumes by the third lockdown at 80% of pre-lockdown levels.

Codeweavers commercial director Shaun Harris says: "Online finance has transitioned from a tool for customers to ascertain affordability to a transactional product."

"For the first time, a consumer can access the retailer finance offer from the majority of their search sites, through to their website and into their buying process seamlessly."

"There are still consumers who look outside of the retailer finance offer to secure finance separately from the sale of the vehicle, but with the FCA (Financial Conduct Authority) changes in January and further improvements to the retailer systems and journeys, there is no reason to believe that

retailers can't increase their finance penetration further to move these customers away from other financial institutions into retail motor finance."

MotoNovo Finance's head of platform Phil Morgan believes most dealers are matching the capability of the new online used car retailers, marrying online and offline to provide customer choice.

More than 80% of its 2,000-plus dealers on its findandfundmycar.com used car platform, which provides finance options and the ability to gain approval before visiting the forecourt, offer customers a full online purchasing/delivery option.

Over the past four weeks 69% of those starting their finance journey on the site completed it, assessing their affordability, completing their application and submitting their proposal. Since showrooms re-opened, latest data indicates leads are up 33% alongside a 10% uplift in sales conversions.

Morgan says: "If we needed evidence that people want to control their car buying and financing journey online, then the trend data we are seeing is compelling. The trend since showrooms re-opened has been fascinating – people want to discover their used car and finance online, but, generally, with this arranged, many still want to visit the showroom as a proof point."

CEO of Startline Motor Finance Paul Burgess sees similar trends as consumers now expect the sector to match the speed and convenience of retail experiences available elsewhere.

He says: "Some points of friction that were

“ IF WE NEEDED EVIDENCE THAT PEOPLE WANT TO CONTROL THEIR CAR BUYING AND FINANCING JOURNEY ONLINE, THEN THE TREND DATA WE ARE SEEING IS COMPELLING

PHIL MORGAN, MOTONOVO FINANCE

seen as too difficult to easily resolve, such as remote handling of motor finance documents, have been tackled in a concerted manner.

"Almost month-by-month, we've seen an increasing impetus to shave more time off the online motor finance process and this has produced measurable results. The faster and easier the application for the consumer, the higher the number of deals written."

The upshot of increased usage of finance platforms is a reduction in the cost of sale alongside the streamlining of other dealer processes.

Retailers will be evaluating the impact of the past 12 months while latest FCA regulations on commissions arguably makes finance selling more straightforward, which could result in further efficiencies such as role changes and centralising certain functions.

Tew adds: "If you lower the cost of selling a vehicle, then profitability increases. Over the past 12 months, dealers have learned to be a lot leaner and finance has a part to play."

However, these trends are currently the preserve of the used car market since restricted access for third parties to manufac-

turer data means new car buyers are much more likely to have arranged their finance via email rather than through a secure and compliant platform.

Tew estimates that well into the '90%' of new car buyers would have had a contactless journey.

He adds: "There are challenges with new as many manufacturers don't have the ability to receive online applications and don't share residual value data, so we can't quote on it. But that's changing. We are doing more work with lenders on this right now. The captive lenders have been much slower than the independent ones."

"It can stamp out some of the malpractice that goes on, but is sometimes forced upon them [dealers] inadvertently by OEMs. The sector has used degrees of ingenuity to overcome the problems, but not all are sustainable because they are non-compliant."

As we gradually return to a state of normality iVendi is closely monitoring trends to understand if the past year's changes and adaptations continue or if the sector will revert to face-to-face showroom transactions.

Franks says: "We recently undertook a survey and consumers still want a personal, human approach from sales people along with having the convenience of an accessible online platform. I think it will be a mixture of all for the foreseeable future."

Burgess adds: "The question is whether these improved motor finance processes will help attract more people away from showroom sales or simply improve the conversion rate for those already willing to buy online. Our feelings are that this is not yet clear, but nearly all dealers are now in much better shape as agile, adaptable, digitally-enabled modern businesses."

Meanwhile, other digital suppliers could prove influential such as video platform provider CitNOW which recently asked motorists and dealers for their views on car finance being presented through video. The majority of consumers (60%) would welcome having all finance options presented in a pre-recorded or live chat video from the dealer and almost three-quarters (73%) of dealers thought it provided a good opportunity.

DEBBIE KIRLEW



Today, Tomorrow, Together

Santander Consumer Finance (SCF) continues to invest for the long-term, through an enhanced strategic focus on building a sustainable and prosperous future for its dealer partners.

Regulatory support for retailers

Following the Financial Conduct Authority (FCA) ban on discretionary commission models in January 2021, SCF launched a new suite of products to comply with the FCA changes by creating new pricing models with good customer outcomes in mind.

Supporting our dealer partners and customers

Over the last 16 years the focus for SCF has been continual development and investment in products and services, for both dealer partners and customers.

Whilst the last year has been a turbulent one for the market, SCF has remained totally committed to delivering first-class support for its dealers, OEMs and customers. This has been evidenced by offering extensions on wholesale appropriations, providing a suite of digital tools at no cost to dealer partners, and offering customers affected by the pandemic payment deferrals, with no charges or interest applied.

Investing for the future

As we start to come out of the pandemic, SCF is well positioned and ready to kick on with the next phase in its ambitious growth plans, continuing to put customers, dealers, and OEM partners firmly at the heart of its strategy.

Digital transformation

SCF continues to invest in its digital proposition following the success of its online application platform that delivers complete end-to-end transactional capability. The introduction of eSign plus has provided exceptional benefits for dealers and customers at a critical time.

This year will see SCF further its digital capabilities with the launch of **Your Red Car**, a new online marketplace for dealers. SCF's vision is to increase online car sales for dealers with a reduced marketing overhead and a customer reward for each completed purchase.



Your Red Car aspires to become an established and trusted platform supporting both dealers and customers. SCF values remain constant in everything they do, allowing customers to browse and shop in confidence, with real peace of mind. This truly is an exciting time for SCF and **Your Red Car**.

Undoubted commitment

Stewart Grant, Santander Consumer UK Commercial Director says "We continue to demonstrate our total commitment to dealers, OEM partners and our customers year after year, and this promise will continue. Through our ongoing investment and commitment from Santander UK we are well positioned to help dealers maximise on vehicle sales as we come out of the pandemic through our market leading business proposition".

Value added proposition

Despite the challenging market, SCF has delivered an outstanding performance that continues to outperform the market for both new and used vehicle finance. This success is due to the strong relationships and investments with its dealer and OEM partners. SCF are very proud and totally committed to continue supporting its partners and helping them prosper for the foreseeable future.

To find out more, please visit:
www.yourredcar.co.uk

Times change, our values remain.

23 March 2020 and the UK goes into lockdown.

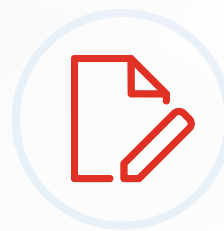
Fast forward twelve months. Our way of life and the way in which we do business has changed in unimaginable ways, but through it all Santander Consumer Finance has remained a constant you can rely on.

How we've helped our customers in 2020

Our customers are central to the culture of the company. As a result of the Covid pandemic during 2020 we



granted over
65,000
customer requests for
payment deferrals



extended over
16,000
customer contracts

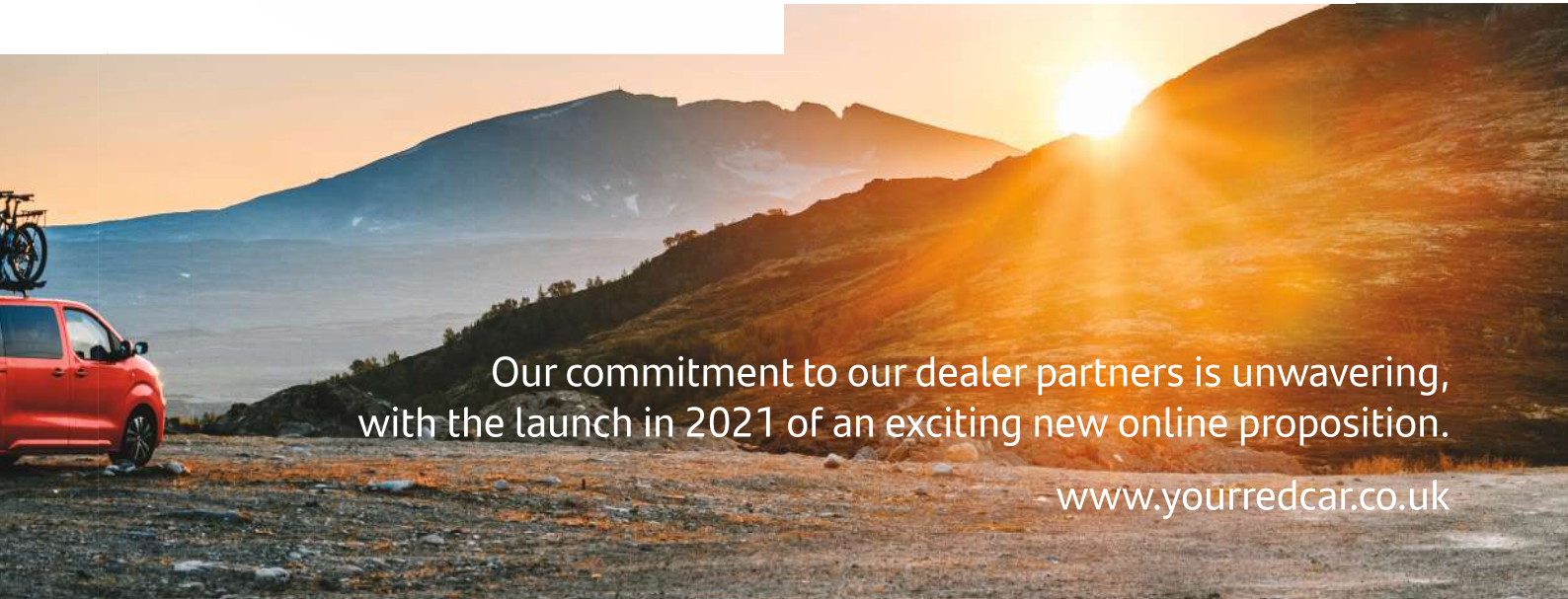
And our Dealer partners benefitted too at a time when support was most needed.



Wholesale credit terms
extended
to preserve cash



More than
48,000
customers completed finance
documents remotely with
E-Sign plus



Our commitment to our dealer partners is unwavering,
with the launch in 2021 of an exciting new online proposition.

www.yourredcar.co.uk

Delivering affordable finance for customers

Clear and transparent offers remain at core of BNP Paribas Personal Finance

Regulation is a key part of our industry and, at BNP Paribas Personal Finance, it's not about ticking boxes, it's about delivering the right solutions for our customers, ensuring the outcomes are correct and affordability is assessed accurately to remove the risk of hardship. Robert Hutchinson, the sales director of BNP Paribas Personal Finance's motor finance business in the UK, explains more...

2020 was an interesting year. It was the first time in living memory we saw a global pandemic, with an unprecedented impact on the world's population.

All sectors of the economy worked to mitigate the impact of COVID-19 and motor finance has not been an exception. Colleagues were migrated to home working in record time, resources were diverted to support forbearance and the lights were kept on for essential workers who needed finance for car purchases.

As we moved into 2021, January saw the removal of discretionary commission and clear disclosure of any loan commissions paid. Regulation is a key part of our industry and at BNP Paribas Personal Finance it's not about ticking boxes, it's about delivering the right solutions for our customers, ensuring the outcomes are correct and affordability is assessed accurately to remove the risk of hardship.

At BNP Paribas Personal Finance we ensure the customer always has a clear and transparent view of the lending products available for their car purchase and additional products.

In periods of great change businesses have to adapt quickly. The simple solution to the regulatory change is a fixed customer APR delivering consistent and fair outcomes to all customers and many dealers have adopted the simplicity of this offer.

Lenders have also responded with rate-for-risk products, increasing the availability of affordable finance, providing prime streamlined journeys for both dealers and customers and making prime lending products more accessible to more people.

The first quarter of the year has identified a significant pent up demand for car purchasers and, as lockdowns are lifted, the industry has seen increased customer traffic, increased car prices and increased demand for finance.

Year-on-year the buying customer demographic has altered; commuting has reduced, transport requirements have changed, and where people have more money to spend, the capability to buy a car has hardly been better.

We have also seen new online car sales businesses which have introduced a new way of car buying. Test drives are no longer a necessity. Many people are now prepared to buy a car and have it delivered to their driveways. For some, the daunting prospect of entering a showroom to negotiate a deal has been mitigated by the online showroom and the simplicity of a single rate finance offer. With fewer customers walking into showrooms there is an emphasis on making online buying simple and easy to understand. Commission disclosure has driven customer rates down and, as it may have been feared, it hasn't stopped the desire for great value lending products.

Until we are floating around in autonomous drones, the car is here to stay, whatever its power source. We have adapted to a global pandemic, unprecedented regulatory change and, as a business,

BNP Paribas Personal Finance is undoubtedly stronger, fitter and ready to meet the next challenge in the drive to make car finance solutions more accessible, affordable and fairer for all.

The new regulatory environment has supported the online finance purchase with fixed APR offers available to all customers. The effect of the regulatory changes removing discretionary commission payments has been significant, with an overall drop in customer APRs for BNP Paribas Personal Finance customer applications approaching 1%.

In addition, application quality and affordability has also shown an improvement, increasing accept rates and improving overall efficiencies.

Robert Hutchinson
sales director
of BNP Paribas
Personal Finance



For more information, visit...

www.bnpparibas-pf.co.uk/our-solutions/motor-finance



BNP PARIBAS
PERSONAL FINANCE



LET'S DRIVE YOUR BUSINESS FORWARD TOGETHER

Finance solutions tailored to you and your business. The road to a perfect partnership.

"Our strengths are being partner & customer focussed, agile, innovative, reliable and competitive; offering the best finance solution that meets the needs of your customers. Our finance solutions include competitive rates backed by a global bank with more than 45 years of experience in the global automotive marketplace."

Phil Maycey

Regional Account Manager

For more information on how we can support you with transparent, flexible financial solutions contact us:

MotorFinanceSales@bnpparibas-pf.co.uk

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BNP PARIBAS
PERSONAL FINANCE



Hurdling drawbacks brought by pandemic

Measures from the authorities to address COVID-induced hardship have had a considerable impact on finance houses and dealers, but confidence is returning

Motor finance companies and car dealers have borne the brunt of the COVID-19 pandemic.

After being forced to shut in March 2020 under Government rules, they were required by the Financial Conduct Authority (FCA) to offer payment deferrals to customers in financial distress because of the crisis, thereby extending motor finance terms by up to three months, albeit the customers had to pay larger monthly instalments when the period ended.

With the start of a second national lockdown in November, an extension to the temporary holiday for personal contract purchase (PCP), hire purchase (HP) and conditional sale agreements, was announced running until this month (July 2021).

While this was undoubtedly a boost for customers struggling to keep up with repayments, it also put added pressure on financial companies and dealers.

Director of motor finance and strategy at the Finance and Leasing Association (FLA) Adrian Dally says that across the finance and insurance markets there were 1.8 million requests for forbearance from customers, of which motor finance made up 800,000. However, he adds that the vast majority went on to resume payments.

"It was an extremely difficult, unprecedented time," says Dally. "When dealerships closed there were next to no motor finance sales, meaning income for finance companies and dealers dried up."

"But the main thing was our members got the payment deferrals over the line for their customers. And now, encouragingly, as we continue to adapt to this unfolding situation, things are starting to look much more positive."

SALES IMPACTED

Some dealers have felt the sharp end of the deferrals too. Chairman and chief executive of TrustFord Stuart Foulds says last year's sales were significantly impacted as a result.

"We experienced a volume of customers asking for deferred payment, especially where customers were furloughed," says Foulds. "Our finance partners have been extremely helpful and understanding to these requests, but this, undoubtedly, affected sales in 2020. That said, from a financial perspective our 2020 results were ahead of 2019."

The financial blow has, however, been softened to some extent by the rise in value of used cars offsetting payments due. Customers don't tend to run their finance deals for the full-term either, meaning shorter repayment periods.

"The payment holiday hasn't made a big difference to our trading result at this moment," says group director of Swansway Peter Smyth.

"And the fact is that rarely does a customer run their PCP or HP full-term anyway."

While the deferrals holiday has meant that finance companies were deprived of potential income last year, since customers have resumed payments, firms are set to profit from more contracts expiring in 2021. Indeed, there has already been an uplift in renewals this year.

"I think the action to assist customers during these unprecedented times has cemented our relationships with them and we are seeing a real uplift in renewals, and that loyalty is our reward," says Foulds. "Added to this, a shortage of used cars and commercial vehicles means the value of their current vehicle has soared by as much as 10% in just the past few weeks, so their monthly payments have, in many cases, fallen significantly. For us, volumes are up, as are our results."

Managing director of Halliwell Jones Phillip Jones believes dealers will also benefit from customers who decided not to change cars in 2020 because of the pandemic and will be keen to do so this year. This is already

“ I THINK THE ACTION TO ASSIST CUSTOMERS DURING THESE UNPRECEDENTED TIMES HAS CEMENTED OUR RELATIONSHIPS

STUART FOULDS, TRUSTFORD

starting to bear fruit with more finance deals, he says.

“The motor trade is busier than ever during my 40 years in the business,” says Jones. “We’re also seeing new competition come into the finance market, which is giving the customer more choice on deals.”

Indeed, the signs are positive for 2021, with the FLA reporting that new business volumes were up 10% year-on-year for March. The main driver was used car finance, where volumes and values were up 24% and 32% respectively.

BEST EVER RESULTS

Director at Alpha Financial Services Preston Rogers says that, despite the challenging environment, the company reported its best ever results. The success was largely down to the speed it adapted and the diversity of its partners, he says.

“We worked collaboratively with our partners and customers to make sure that support was there when needed, such as with the transition to contactless compliant sales processes or providing online payment deferrals easily, quickly and simply during times of financial difficulty for individual customers,” says Rogers.

“Everything was done to make sure busi-

ness continued as normally as possible during these unprecedented times.

“During this time the company’s customer-centric culture really came to the fore as the whole organisation re-oriented itself to the challenge, re-training and redeploying a third of our workforce to the front line of customer-facing support roles, rather than furloughing staff. It was also an incredibly tough time for many of our employees, both personally and professionally, especially for those employees directly supporting impacted or bereaved customers and so, during this crisis, our supportive one-family culture proved more important and valuable than ever.”

Alpha has also benefitted from the strong demand for used cars in 2020, continuing through 2021, according to Rogers. As used vehicle financing is one of its core specialisms, the company is well-placed to meet customer needs when they’re considering buying their next vehicle, he says.

“We’ve seen positive new contract growth in 2021 year-to-date, compared with the corresponding period last year,” says Rogers. “The focus, however, is not simply on attracting new customers, but also on retaining existing customers and developing long-term customer relationships, so much of our UK team’s efforts are spent supporting partners with their customer retention activities.”

Rogers sounds a note of optimism for the future too. With the successful vaccine roll-out and customer confidence returning, he believes consumers will soon be in the market for a new vehicle.

“We expect the used car market will continue to be popular, as will the ability to research and arrange car finance online,”

says Rogers. “The past 12 months have accelerated changes in customer

behaviour so that many more people now are comfortable arranging or managing their vehicle finance through contactless digital channels.”

Dally echoed his sentiments of positivity. But he cautions that there are several non-COVID-related factors that first have to play out, including the effects of Brexit and a global semiconductor shortage, before there can be a return to some semblance of normality.

“Finance companies and dealers by their very nature are inherently optimistic,” says Dally. “So, once dealerships can fully reopen, the feeling is we’re going to see a long period of solid growth ahead.”

Foulds adds: “Given increased volumes, notwithstanding the current semiconductor issue, I’d expect the finance providers to have a bumper year.”

“Acceptance rates are good, which was a concern given the pandemic and furloughed consumers, but the economy is starting to recover and things are starting to get back to some degree of normality. There has also been a big change to online buying and transactions are easier to complete from a distance – albeit customers tell us that they still want to visit the dealership for the ‘theatre’ of the handover. Our TrustFordNOW customer experience has worked extremely well throughout.”

How well finance companies and dealers do this year remains to be seen. But it has been an encouraging start.

ALEX WRIGHT

Advertising Feature



Premier Partner. Premia Solutions.



www.premiasolutions.com

10 key questions you should consider when choosing a General Insurance provider.

Does your provider have experience & commitment to the UK market?



Recent market fluctuations have seen established providers leave, and new providers enter. This, combined with the continuously evolving regulatory directives and regimes from the FCA, means experience in navigating the market has never been so critical.

Finding a Managing General Agent & insurance intermediary with decades of UK automotive market experience and continuous partnerships with dealer groups for over 10 years, will give you a strong foundation for the future.



Do you have full transparency on your General Insurance pricing?

Knowing the net cost of an insurance product is a prerequisite, but understanding how risk and administration costs are split can be important when assessing the level of service you receive from your administrator.

By providing full & transparent pricing, you know exactly where every pound is going.

Can your customers easily fund their premiums at 0%?



Many providers offer the facility to fund GI products at 0%. However, some do this through a 3rd party, creating additional administration and regulatory challenges.

Ideally, your provider would act as the funder and offer the flexibility to administer this through a system interface, minimising the complexity and administrative burden.



Is your provider able to demonstrate consistent & positive customer outcomes?

It's more important than ever to understand the service delivered to your customers when they come to claim. You wouldn't accept substandard service in your showroom, so why accept it elsewhere?

Having a provider that combines clear KPIs and transparent gathering of customer reviews gives you confidence that the products are reputable, suitable and provide value.

What is the financial strength rating of your insurer?



Increased claim frequency and severity has caused many insurers to exit the market – either through choice or lack of liquidity. As a consequence, you may find that your Professional Indemnity provider requires a minimum standard of underwriting for General Insurance (GI) products.

Having a provider that only partners with 'A rated' insurers, experienced and committed to the UK automotive market ensures both long term security and stability.



Do you have access to MI that enables you to sharpen your decision-making processes?

MI allows you to keep a finger on the pulse of sales and aftersales so that commercial objectives, decision-making processes, and accountabilities are clear and consistent. The same should apply to your add-on products.

Choosing a provider that not only has the MI you need, but also works with you to understand and scrutinise it, will ensure products add value, improve customer outcomes and increase profitability.

Do you know how your scheme behaves & do you keep a record for oversight?



Following the release of TR19/02 & FG19/05, there is now a greater responsibility on the entire GI distribution chain to ensure products are fit for purpose and distributed within the regulatory framework.

Having a regular review schedule to analyse numerous value measures and behavioural aspects of a scheme can help identify opportunities to improve customer experience and maximise commercial success.



Do your sales teams receive development support with measurable improvement?

Most providers facilitate a level of account management or support, but can you benchmark the outcome?

Training and development are most impactful when it is aligned with your culture and processes, has clear objectives, and is targeted & measured. Plus, top-down commitment means GI products can become part of the fabric of your business.

Does your provider have eCommerce solutions that can futureproof your business?



Vehicle click & collect has become essential over the past year, but the challenge on how best to migrate the sale of GI products online remains for many.

Working with a provider who can supplement your GI sales through branded omnichannel solutions will maximise opportunities and ensure all customers receive the same experience no matter their location.



How innovative is your provider in adapting to change?

Recent regulatory and market forces have driven change at an astonishing pace. Therefore, the question should not only be how well your provider has navigated these on your behalf, but how well they position you for inevitable future changes...

Whether it be unique product enhancements, bespoke training resources, or digital strategy support, choosing the right provider can ensure you remain competitive by anticipating shifts in the landscape and adapting quickly to suit them.

Any questions of your own? hello@premierasolutions.com

Driving your FCA

Voice Powered Automation© allows managers to work at their own pace

Most companies in the automotive retail sector, faced many challenges across the business landscape in the past 18 months to ensure operational resilience and still deliver profit.

If dealing with COVID-19 wasn't enough to contend with, the ongoing FCA SM&CR (Senior Managers and Certification Regime) compliance with tight deadlines and the challenge of getting people back to the workplace added extra pressures.

The overall aim of the SM&CR is to drive a change in behaviour which should, ultimately, improve trust in financial services. With regulators around the globe closely watching how the implementation of the regulation by the FCA progresses in the UK, the SM&CR triggers important reputational aspects.

Sovran AI®, which provides Natural Language Voice-Powered Automation© (VPA©), consulted with Inchcape on how it could deliver on a complex and regulated process through AI (artificial intelligence) technology, while also focusing on reducing operational cost.

On talking with Inchcape, it became evident that an alternative process was required to ensure it was, firstly, compliant, but also to have the confidence that there was consistency across all relevant colleagues in the group. In addition, the risk of having to

manage the SM&CR training process within the multiple, unpredictable lockdowns was identified by Inchcape.

Inchcape prides itself on providing top class service to its customers and also extending this across the colleague landscape, to provide a much higher job satisfaction level.

It has been impossible to deliver training and face-to-face competency assessment during the COVID crisis and traditional eLearning falls short.

However, using this technology Sovran AI® can perform critical assessments faster than it has done before and still deliver a great employee experience.

Managing and monitoring the SM&CR is onerous, but a necessary part of the sales process whichever market you are operating in.

"Our colleagues really appreciate being able to complete the accompanying learning material in their own time"

IAN WOODWARD, INCHCAPE

Ian Woodward, Inchcape head of Performance Improvement, said: "We partnered with Sovran® to find a time-efficient method to complete hundreds of competency assessments in a short space of time. Usual traditional methods would have taken colleagues many days to complete. But, by utilising Sovran's Voice Powered Automation©, this process was completed with minimal input from my training team. We discussed how their unique hybrid technology can not only deliver a fully engaging automated solution, but how they deliver this in days, as opposed to months.

"The assessee simply dials a number and talks to the Sovran® language engine, which sounds and interacts like a real person. This puts the assessee at ease and they are then able to focus on the questions and provide their answers. Feedback from our colleagues has been terrific. They really appreciate being able to complete the accompanying learning material in their own time, during less busy periods at work and can take their assessment at a time and location to suit them.

"We were able to make several improvements to the system, and the monitoring of calls by the Sovran® team is first class, meaning the system is continually tweaked for an optimum experience for the assessee instantly. As

CHALLENGE

- Reduce labour cost for SM&CR compliance
- Continuity across dealership network
- Manage training process
- Remove secret shopper process

SOLUTION

- Fully featured VPA® solution
- Structured Q&A to include statement
- Scoring metrics to pass the assessment
- Dashboard to monitor results

RESULTS

- £250k a year savings on FCA mandatory training programme
- Fully featured dashboard provides real-time metrics
- Identified highest passes, and those needing further training
- Automation achieved: 100%

compliance faster



a diverse and widespread organisation, we did have concerns that accents would be hard for the language engine to understand but had no issues with this – a real benefit to us in this day and age.

“The reporting suite is first class and gives us more than enough detail. In the case of any employee disputes I am able to listen to the call and make a subjective decision on whether they achieved the standard expected.”

Sovran® is highly experienced in the delivery and automation of complex processes through VPA©, but the key part is to make sure this is also an engaging, and natural customer or employee journey.

This is a first for the automotive sector to deploy an AI voice technology delivering an ongoing compliance programme that is attached to a scoring model to ensure all employees are compliant not just once, but continually.

Sovran AI ® is a London-based speech recognition company that deploys voice-powered automation (VPA)© for the enterprise environment.

The company has developed a revolutionary proprietary technology resulting in a service quality that other players are unable to replicate.

The Sovran® platform is a combination of integrated technologies and methodologies that enable the fast delivery of high performing virtual agents with a short development cycle.

Available as a multi-language application, and ready to deploy for business continuity such as data breach and other disaster recovery scenarios where fast reaction times are required.

Sovran’s proven technology is now automating more than 90% of processes and drastically reducing cost of operations combined with increased customer satisfaction scores.

The success of the SM&CR programme has now highlighted additional areas for Inchcape to deploy VPA© to provide a much higher level of service across other functions, such as sales, aftersales, contract renewals etc.

Sovran’s VPA© has proven itself across many sectors, such as in-bound and

outbound sales, surveys, data breach, insurance claims, technical support etc.

Sovran’s VPA© has proven to be another success in the delivery of complex processes through voice and reduced operational cost.

■ **To hear the FCA Compliance VPA visit**
<https://www.sovranai.com/sample-suite/>

Visit: www.sovranai.com • email: info@sovrn.ai
or call: +44 (0)7710 125 185



FIAT 500e



The newest 500 takes design cues from the previous model and the original Cinquecento

Fiat dealers have now had deliveries of the electric-powered successor to its popular city car, but the existing 500 isn't being ushered out the showroom door just yet. Production and sales of the 14-year-old predecessor will carry on in parallel for at least this year, to ensure the new, larger, zero-emission car doesn't deny Fiat's network its share of customers for cheaper, petrol-engined runabouts.

With the new 500 available in convertible and hatchback guises, Fiat is the first brand to enable UK motorists to buy an open-top, electric car that will seat four (the Smart EQ Fortwo has no rear seats). It's a little USP that Fiat will push hard to get the 500 Electric into shoppers' awareness, given

that Brits buy more convertibles than any other European country, although four-in-five buyers will want a hard roof.

Built in Italy on Fiat's newest platform, the new 500 has an 87kW electric motor and a choice of two batteries, dependent on the trim selected.

The cheapest Action trim gets a 24kWh battery capable of up to 118 miles WLTP range. The three other grades, Passion, Icon and La Prima, have a 42kWh battery delivering up to 199 mile range, and capable of rapid charging through its 85kW fast charge system – plugging into a fast charger can restore 80% of charge in 30 minutes, or top up 30 miles range in five minutes, Fiat says. Buyers get a neat 500-branded wallbox charger for their home

The 500 mould has not been broken, but



FIAT IS THE FIRST BRAND TO ENABLE UK MOTORISTS TO BUY AN OPEN-TOP, ELECTRIC CAR THAT WILL SEAT FOUR

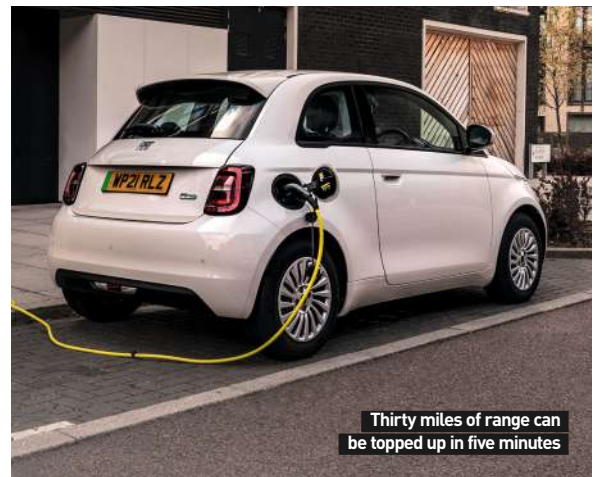
once parked alongside the ageing model this electric car stands out.

It has a dedicated 500 logo at the centre of the front badge for the first time, in place of the usual Fiat logo. New 500 takes design cues from the predecessor and the classic 1957 original Cinquecento, with a front bumper mirroring the original and modular elliptical headlight clusters split into the bonnet, and a two-spoke steering wheel akin to the classic.

This car is six centimetres longer and wider than its predecessor, and a slightly larger wheelbase plus new interior provides much more comfort for occupants. Its flat floor houses the lithium ion battery without compromising boot capacity, which is the same as the old 500 at 185 litres for the hatchback and 182 litres for the convertible.



The battery does not reduce boot space



Thirty miles of range can be topped up in five minutes



Like the classic version, the 500e has a two-spoke steering wheel



The new Fiat 500 is only sold in battery electric vehicle form



Modular elliptical headlight clusters split into the bonnet

In addition to its zero tailpipe emissions, Fiat 500 gives sales executives a host of talking points for when they're with customers. The seats are made from Seaqual yarn, made from recycled plastics, unless the buyer specifies an Icon model with optional artificial eco-leather.

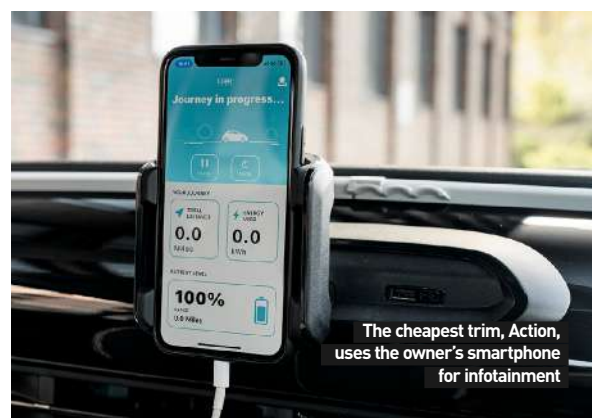
Level 2 autonomous systems are available, including lane control, traffic sign recognition, intelligent adaptive cruise control and autonomous emergency braking.

EVs lack engine noise, of course, so after start-up, up to 12mph, this 500 warns pedestrians that it's moving nearby by gently playing Amarcord by Italian composer Nino Rota, or other melodies that the driver can download.

This car has three driving modes, which can be selected by the driver according to

their mood and needs. In Normal, the car drives like any two-pedal automatic. In Range mode, the driver can accelerate and decelerate using just the accelerator, as lifting off the throttle makes it slow including to a standstill, allowing it to recover energy into the battery. The final mode, Sherpa, can be used when range is getting low to eke out the maximum possible range, such as by reducing throttle response and switching off the air-con.

Its UConnect 5 infotainment system integrates with Apple CarPlay and Android Auto wirelessly, and works inside and outside the car, allowing the buyer to precondition the climate control or set the sat-nav in advance. It helps drivers to find an available charging station and use a single card for charging and



The cheapest trim, Action, uses the owner's smartphone for infotainment

THE NEW 500 ELECTRIC WILL QUIETLY GENERATE PLENTY OF NOISE FOR FIAT

payment, valid at 200,000 stations across Europe.

The Action trim, available as a hatchback only, gets 15-inch wheels, starter button, electric parking brake, rear sensors and a configurable seven-inch TFT colour screen in the instrument panel and 'smart audio' which turns the driver's smartphone into its infotainment system. The extra kit on Passion models includes a seven-inch infotainment system, cruise control and LED daytime running lights.

Top-spec Icon trim adds a 10.25-inch 'cinema' touchscreen display, 16-inch alloy wheels, hands-free entry thanks to a button-free 'pebble' smart key that can be carried in a pocket or bag and unlocks the doors when it comes close to the car, a dashboard painted the same colour as the bodywork and traffic sign recognition.

Plus there's a launch edition, La Prima, which comes loaded with all the kit that's optional on Icon, such as 360-degree parking aid, reversing camera, the level 2 autonomous driving systems and eco-leather seats with the Fiat 500 monogram.

For convertible versions, add £2,650.

The new 500 Electric will quietly generate plenty of noise for Fiat. Outwardly, it's still a chic, fun Cinquecento, but on the inside it is now a more practical, grown-up, well-loaded car that's ideal for city and suburban daily drives. Given the prices being asked, it needs to be. **TIM ROSE**



£20,495-
£30,495
(AFTER PICG)



24KW BATTERY:
118 MILES / 42KW
BATTERY: 199
MILES



0-62MPH
9.0-9.5-SECS;
TOP SPEED
84-93MPH



FWD, AUTO



RANGE 118-
199 MILES



000G/KM CO₂

Q&A



ANDREA
LO PRESTI,
HEAD OF
MARKETING, FIAT
AND ABARTH UK

How important is this car for the brand?

It's beyond important. It's the car that embodies the Fiat values. We are the experts in small cars... we're taking this to market in a unique, bold way. We'll take our most successful car, which represents a quarter of our sales, and electrify it. It's electric, but, first and foremost, it's the new Cinquecento. There are high expectations – it's been a long wait since March last year's (global) unveil. We've nearly 1,000 firm private customer orders in the system since we opened the order books in March.

But the old ICE cars will outsell it?

After the existing 500 this will become our second biggest selling Fiat. We expect to sell one of the new ones for 2.5 of the old ones – full year sales around 8,000 to 10,000 of the full electric car next year. That would place the UK among the best performing markets in Europe.

What's the rationale behind keeping the old model in the market as well as the new one?

We've done research on the electric one in the UK, to gauge interest and so on. We see a level of substitution as current owners trade up, but we don't see this representing more than 10%-25% of people who would've bought a new 500 ICE car this year. So, we expect 70% conquest sales for 500e, primarily because the car will attract new buyers out of different cars and perhaps not so many people are ready to take the step from their old 500 right now. That's why the two cars will co-exist for a minimum of a year or more. To some extent that depends on demand. The ICE 500 also remains on sale because not every market in Europe is as developed as the UK for electric cars.

Presumably the convertible will be a small proportion of sales?

We see it taking 15%-20% of sales, which is a bit more than the current one. We've a lot of focus on the convertible BEV in our advertising now, because we're the only proper four-seater convertible. The UK is the top market in Europe for convertibles.

Are your dealers ready for EV sales?

We've put a massive effort into training with the network as well, because this is our first electric car. Dealers were equipped with charging points by the end of 2020, plus sustained sales training and technical training since 2019, with super-incentives.

KEY RIVALS



Smart EQ Fortwo

✓ STANDOUT STYLING,
PARK ANYWHERE

✗ SEATS JUST TWO,
LOWER RANGE



Škoda Citigo

✓ A NICE DRIVE,
GOOD RANGE

✗ TIGHTER CABIN
THAN SOME



Renault Zoe

✓ GOOD PRICE, RANGE

✗ DRIVER COMFORT

REVIEW RATINGS

TOP GEAR



CAR MAGAZINE



AUTOCAR



The dedicated 500 badge
replaces the usual Fiat logo

CUPRA FORMENTOR E-HYBRID

REPORT
PROGRESS



FORMENTOR GRABS ATTENTION OF THE NEIGHBOURS

Having launched a 58-strong franchised network last December, Cupra is steadily making a name for itself and the Formentor will certainly help it stand apart from Seat.

This 'coupe-SUV' is the first car bespoke to Cupra. There won't be a Seat-badged version, unlike the Leon and Ateca launch models which it borrowed from Seat's established range for its soft launch in 2019. And, with the all-electric Cupra Born waiting in the wings for 2022, Cupra's intent is clear to see.

I've taken delivery of the Formentor in e-Hybrid form, which means I can plug it overnight into my Podpoint wall charging unit before driving from Peterborough's suburbs into the city centre and back without impairing the lung capacity of small children and animals.

Customers for Formentor e-Hybrid can choose between 245PS or 204PS versions.

I chose the latter, which makes up for the lower power by extending electric range from 34 miles to 36. Its CO₂ emissions of 29g/km (so £0 first registration tax), 11% BIK rate and average combined fuel economy of 202mpg make it appeal to more buyers,

and it'll still sprint from zero to 62mph in less than eight seconds when you prioritise acceleration over efficiency.

I'll write more in the months ahead about the raft of driver conveniences and safety technology in this mid-size family car that has Volvo's XC40 and Audi's Q3 in its sights, but for now let's just say it's well loaded and appears very premium inside and out.

In fact, I've two car enthusiast neighbours (one has a Tesla and a Mini John Cooper Works, the other a Jaguar XJ) and within a week of delivery both had checked out the superhero-style front badge and asked "so what's that then?"

The Formentor may be the new kid on the block, but buyers spending almost £39,000 can be assured it's from the Volkswagen Group stable – this newbie uses the group's modular MQB Evo architecture shared by the Seat Leon and Volkswagen Golf.

Plus all new Cupra models have a three year/60,000 mile warranty which dealers can upsell into four or five years full manufacturer warranty at the point of ordering – so a buyer on a 48 month PCP can be assured of cover. The battery is covered for eight years.

TIM ROSE



£38,155
(INCL £555
METALLIC PAINT
OPTION)



1.4-LITRE TURBO-
CHARGED PETROL/
ELECTRIC HYBRID,
204PS



0-62MPH
7.8 SECS, TOP
SPEED 127MPH



201.8-
217.3MPG



29G/KM
(WLTP)



CURRENT
MILEAGE

0 0 4 7 2

START
MILEAGE

0 0 0 5 6



STANDOUT STYLING, PREMIUM CABIN



AN UNKNOWN QUANTITY

TALENT ON THE MOVE



DAVID HANNA,
HEAD OF SALES
OPERATIONS AT VWCV

Volkswagen Commercial Vehicles (VWCV) has promoted David Hanna to the role of head of sales operations, as part of a senior management re-shuffle within the VW Group.

Hanna, formerly VWCV's aftersales director, will replace James Douglas, who is moving to Volkswagen Passenger Cars as its new head of sales operations.

In his new role, Hanna will be responsible for defining and delivering all sales programmes for the brand, as well as conversions and specialist sales, and the Van Centre network.

He has worked for the group since 2014 and joined the LCV division in 2017 as head of fleet.

Taking over from Hanna as head of aftersales will be current head of planning and supply, James Allitt.

Allitt has led the planning function for VWCV for the past four years, following a period heading up the brand's customer quality and network development teams.

Prior to joining the Volkswagen Commercial Vehicles brand, Allitt spent more than 10 years with the Audi brand.

Claire English, the brand's head of fleet, will move to Audi UK to head up its fleet division.

She has held a number of roles across the group, having joined as a graduate, and has built up expertise in fleet during periods as an area and regional fleet sales manager, business development manager and as the national contract hire and leasing manager in Volkswagen. English replaces James Buxton, who is leaving the VW Group.

VWCV is currently recruiting for a new head of fleet and a new head of planning and supply.



PAUL ALEXANDER,
AFTERSALES
OPERATIONS MANAGER
AT DEVONSHIRE MOTORS

Devonshire Motors has appointed Mitsubishi's Paul Alexander as its new aftersales operations manager, as the car retailer embarks on a "major transitional period" adding Hyundai and Isuzu brands.

Alexander worked for Mitsubishi Motors in the UK for 25 years, in roles ranging from product quality investigator to aftersales field operations manager.

He joins the Devon-based AM Award-winning retailer following the announcement that Mitsubishi will no longer be selling new cars in the UK after September this year.

Nathan Tomlinson, owner of Devonshire Motors, believes aftersales is "absolutely critical" to a solid business model.

He adds: "To have someone of Paul's experience and calibre joining us is very exciting, and a huge testament to our existing team and the fantastic work they do, too."



**SYLVAIN
CHARBONNIER,**
AFTERSALES DIRECTOR
AT VW GROUP UK

Volkswagen Group UK has named Sylvain Charbonnier as its new aftersales director, replacing Volker Konrad.

Konrad will return to Volkswagen AG as managing director OTLG, region Central Germany, Kassel.

Charbonnier joined VW in 2014, initially working in the brand's French division. In 2018 he moved to VW AG as head of sales and marketing aftersales.

Prior to his career with VW, Charbonnier worked for Renault.

Konrad has led the UK aftersales function for VW Group since 2017. He assumes his new role on July 1.

Alex Smith, managing director of VW Group UK, said: "Volker played a vital role during the pandemic, steering the parts supply chains to ensure our networks kept emergency vehicles and key workers mobile."



PHIL WHITE,
CHAIRMAN OF LOOKERS

Lookers has revealed that chairman Phil White will stand for re-election at its AGM on June 30.

White, who has held the position since 2006, was expected to step down from the role this year, but has agreed to remain with the group until a suitable successor is found.

Anna Bielby, who joined in January as interim director and chief financial officer, agreed to extend her six-month contract to the end of July.



**PATRICK
MCGILICUDDY,**
SALES
DIRECTOR AT
JAGUAR LAND
ROVER UK

Patrick McGillicuddy has joined Jaguar Land Rover UK as sales director.

He'd been head of sales operations with Volkswagen UK since early 2018, a role he gained after joining the German car group in 2013 from Vauxhall, first as head of fleet at its Škoda UK division before taking responsibility for VW Group fleet.

From 2010 to 2011 McGillicuddy was sales and marketing director at AM100 dealer group Peter Vardy.



NEIL BIANCHI,
GENERAL
MANAGER AT
SILVERLINK
HYUNDAI

Bristol Street Motors has welcomed Neil Bianchi as the new general manager of its Silverlink Hyundai dealership, in Newcastle upon Tyne.

Bianchi, who has worked for the Vertu Motors-owned group for eight years, is moving to the Silverlink dealership from its operation in Darlington.

He has worked in the motor retail industry for almost 30 years, since starting out as junior sales executive with Reg Vardy.

≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



Rod Norwood,
parts manager
at Lloyd Kia
Motors in
Carlisle,
correctly
identified the
Chevrolet Volt
last issue.

See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email am@bauermedia.co.uk with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is July 2.



EIGHT QUESTIONS TO A...

MANAGING DIRECTOR

Steve Bridge,
eStar Truck & Van



What are the main responsibilities of your role?

My responsibility is to manage and direct a commercial vehicle business for Mercedes-Benz in the north-west of England and north Wales across five sites ranging from Stoke-on-Trent through Merseyside, north Wales, Liverpool, Warrington and Manchester. This includes developing a strategic direction for eStar, and steering the board of management and the leadership team. Day-to-day, when not in meetings, I enjoy walking round the sites, speaking to the team, listening to them, understanding what's working well and what needs improvement. Too many senior leaders shut themselves away in an office and miss the reality of their businesses, so I'm always happy to walk around, find people I've not previously met, and ensure that I'm approachable, not least because when I was in their roles, I would have appreciated the same.

What are the most significant challenges ahead?

The automotive industry is changing literally by the day and will change more in the next five years than it has in the past 50. The obvious changes in propulsion methods, diesel to electric and diesel to hydrogen, will keep us occupied for the next 10 years and we have to plan and implement the relevant infrastructure solutions to keep our all-important customers moving. It's not like the launch of a new model; electric and hydrogen are complete societal changes, requiring huge amounts of education, complete redesigns of towns and cities, overhauling the infrastructure in every aspect, and even rethinking how we live and interact with each other.

How might these challenges be overcome?

The only way to meet these challenges is to embrace them and to work with the customer base to help them understand how to overcome them. Together, we can ensure the footprint of aftersales locations and the infrastructure associated with them is as future-proofed as can be. Clearly, the sales aspect is a little easier to deal with. However, even that needs to change as we embrace the increasing trend for online sales in certain market segments. There is no room to stand still, but to be excited by the future and want to play a major part in bringing it to life, and supporting the customer every step of the way, means that it becomes one huge opportunity and something that I'm actually very proud to be involved in.

What attracted you to this area of expertise and how did you get to your current role?

I have been in the industry for 37 years. I started my career in a dealership, before moving into heavy commercial contract hire and rental, then subsequently OEM positions for Mercedes-Benz UK – the latter of which I was with part of for 20 years. The opportunity to run a commercial vehicle dealership, make a difference and implement some of the changes highlighted was, therefore, something I couldn't refuse. I wanted to be able to give something back to the industry and leave it in a better place than when I joined, and I feel like this role will absolutely enable me to do this.

What's the most important thing you've learned in your career, and how have you made use of it?

In any business, the most important thing is the people, closely followed by the process. Looking after the people and ensuring that they follow the right process is essential in any organisation. So, while often overlooked, these are always the two areas I make it a priority to invest in. In addition, listening to the customers, especially those that are dissatisfied, is probably my most important source of learning, and something which I have always taken with me wherever I've been. Too much emphasis is placed in satisfied customers, but understanding when something has gone wrong provides much more valuable insight.

QUICK-FIRE QUESTIONS

What drives you?

Seeing people develop and watching them grow into roles is something I find satisfying. But the industry itself provides me with the drive. After 37 years, I still have the same energy to make a difference as I did all those years ago.

What's your favourite app?

Currently, it's LinkedIn. At first I thought it was just a business Facebook, but actually if you want to understand anything about anything, you will find someone who knows someone who knows someone! Once you get your head around that, it's a good source of information.

How do you relax?

Golf, eating out (when allowed) and I have two 65-inch TVs at home that keep me entertained.



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THIS MONTH'S QUESTION TO THE AM TEAM:

What advice would you give to your 18-year-old self?

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Step up and be brave

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Brace yourself... life only gets more complicated

PRODUCTION

Head of publishing Luke Neal

Buy as much property as you can

Production editor David Buckley

Given I never set foot outside the British Isles in my first 18 years, I would advise myself to travel the world

Senior designer Chris Stringer

Say 'yes' more and start collecting vinyl while it's still cheap. Always wear sunscreen

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